



Northumberland County Council

Wellbeing and Community Health

Agenda Item 6

SCHOOLS FORUM

18 January 2023

Setting the Dedicated Schools Grant (DSG) 2023/24

1. Purpose of the Report

To inform Schools Forum of the DSG settlement for 2023/24, as provided by the Education and Skills Funding Agency (ESFA) on 16 December 2022, and the proposed formula values for the allocation of funds to Schools for 2023/24.

2. Recommendations

2.1 Schools Forum is recommended to:

- note this report and the information provided in respect of the various elements of the 2023/24 Dedicated Schools Grant; and
- note, where appropriate, the various specific budgets within the individual elements of the DSG at the 15 February 2023 meeting.

2.2 Members of the Schools Forum representing maintained mainstream schools agree on a phase by phase basis to the de-delegation in respect of the services listed above for 2022/23 using the per unit values, and estimated overall values as set out below.

3. Background

Schools Forum has previously received reports outlining developments in relation to the National Funding Formula (NFF). The November 2022 report outlined the position to date, confirmed Northumberland's position as a local authority "that mirrors the NFF in most factors", with the intention of bringing the mobility factor into line for 2023/24.

A transfer of up to 0.25% from the School Block to the High Needs Block was agreed, and it was noted that final decisions were delegated to the Joint Interim Director of Children's Services once the final figures were received in December.

Subsequently to the last Schools Forum meeting, the 2023/24 DSG figures were received from the ESFA on 16 December 2022. Our 2023/24 basic Schools Block DSG Grant figure is £219,045,526, some £4,525,638 (2.17%) higher than the combined 2022/23 DSG and School Supplementary Grant figure of £214,519,888.

At the time of the last School Forum on 16 November 2022, there was no indication of any additional funding being made available to schools, however in the Autumn

Statement on 17 November 2022, there was an indication of additional funding, and further information was released in December. An estimated further £7,432,205 will be distributed to mainstream schools and academies taking overall funding increases to 5.57% “year on year”. Individual Schools figures will of course be determined by pupil numbers and characteristics. The method for allocation of the additional grant for mainstream schools are the following “base funding rates”:

- 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

Final school level allocation will be made available in May 2023, but this should enable schools to estimate their likely funding. Further information is available at:

<https://www.gov.uk/government/publications/mainstream-schools-additional-grant-2023-to-2024>

Northumberland’s initial total 2022/23 DSG allocation is £288,688,312 (£273,044,427 in 22/23) before any recoupment or deductions for academies. The additional £9,439,731 grant announced in December takes this total to £298,128,043.

It should be remembered that when making year on year comparisons, appropriate adjustments need to be made in relation to the Schools Supplementary Grant paid in 2022/23 and the Additional Grant for which we have been give provisional allocations for 2023/34. Summary figures are shown in the table below, with details at **Annex 1**.

DSG Block	Final 2022-23 (Dec 2021)	2022-23 School Supplementary Grant	Total 2022-23	Final 2023-24 (Dec 2022)	Potential Change		# Additional Grant 23/24		Total Uplift 2023-24	
					£	%	£	% of 23/24 DSG	£	%
Schools Block	£208,482,884	£6,037,004	£214,519,888	£219,045,526	£4,525,638	2.17%	£7,432,205	3.4%	£11,957,843	5.57%
High Needs Block	£44,497,569	£1,646,350	£46,143,919	£48,216,682	£2,072,763	4.66%	£2,007,526	4.2%	£4,080,289	8.84%
Central School Services Block	£2,454,271	£0	£2,454,271	£2,268,990	£-185,281	-7.55%	£0	-	£-185,281	-7.55%
Early Years Block	£17,609,703	£0	£17,609,703	£19,157,114	£1,547,411	8.79%	£0	-	£1,547,411	8.79%
TOTAL	£273,044,427	£7,683,354	£280,727,781	£288,688,312	£15,643,885	5.73%	-	-	£17,400,262	6.20%

Other influences on the 2023/24 allocated figure are:

- A continuing fall in the overall number of pupils, down 122 from 38,925 to 38,803;
- A continuing shift in pupils from primary (down 208) to secondary (up 86) where there are higher levels of basic “per pupil” funding; and
- Further increases in deprivation funding due primarily to a 4.9% increase in students attracting free school meal funding.

The DSG remains as a ring-fenced grant subject to formal grant conditions. As in 2022/23, the DSG is split into four blocks and each block will be determined by a separate national funding formula. Further information is provided on each element in the subsequent sections of the report below.

4 Consultation with Schools

4.1 The recommendations agreed with the Schools Forum on 16 November 2022 were the basis for a consultation with all schools carried out between 17 November and 16 December 2022.

4.2 4 questions were asked:

Q1 ~Minimum Funding Guarantee (MFG)

1.1 At what level do you believe Northumberland’s MFG should be set for 2023/24?

1.2 In future years should a disapplication request be considered to the ESFA in order to increase the level at which the MFG can be set?

Q2 Capping and Scaling

Do you support the potential use of capping and scaling as part of the 2023/24 School Budget setting process?

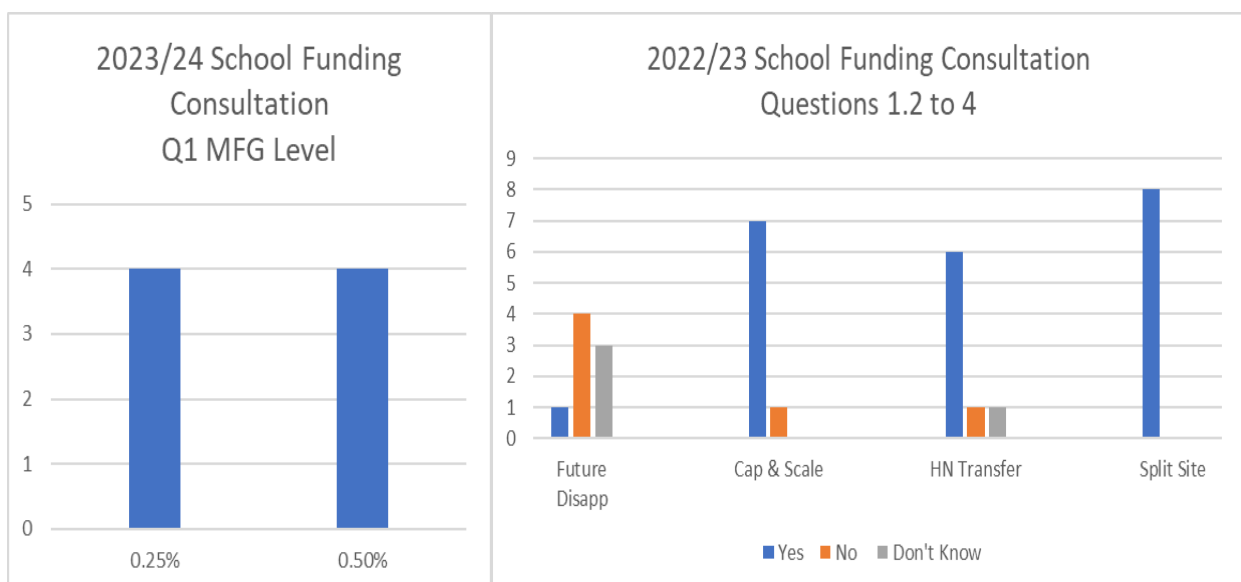
Q3 Transfer from the Schools Block to the High Needs Block

Do you support a Council’s decision to seek a transfer of up to 0.25% (£546,000) from the Schools Block to the High Needs block for the financial year 2023/24, , particularly given the ongoing increasing rise in EHCP numbers, demand for Special School places including the opening of the Gilbert Ward Free Academy in September 2023 and ongoing free at the point of delivery offer for NIES Services?

Q4 Review of the Split Site Element

Do you agree to the proposal that the “Split Site” payment made to 4 schools in Northumberland should be brought in line with the NFF proposals and be based on 75% of the NFF Lump Sum amount, subject to the funding being available?

4.3 8 responses were received and the results of the consultation were as follows:



The number of responses received was higher than last year but represent a relatively low % of schools, this may reflect implicit agreement with the approach taken in moving to the National Funding Formula. There was clear agreement and support for the decisions taken by Schools Forum in relation to capping and scaling, the potential transfer from the Schools Block to the High Needs Block and increasing the Split Site value. As in previous years in relation to Q1 on MFG, there were some differences in opinion as shown above, but in the absence of a strong view to the contrary it is believed that the approach favoured by Schools Forum to set the level at the maximum 0.5% is a sound one, providing the highest possible level of baseline increase to all schools within the financial resources available. There was little support for considering a disapplication request to increase the possible MFG level in the future, with only 1 school being in favour of this.

5. Early Years Block

Since April 2017 the Early Years Block has been subject to a National Funding Formula.

The Northumberland Early Years National Funding Formula hourly rate for 3 and 4-year-olds had increased for £4.30 in 2017/18 to £4.61 by 2022/23. The 2023/24 rate increases by a further 26p to £4.87. Unfortunately, 13p (£425,991) of this reported uplift includes a proportion of the Teacher Pay and Pensions Grant (TPPG). This grant had historically gone directly to schools and not been a recorded part of the Early Years Block. This part of the 2023/24 Early Years Block is therefore not additional funding.

The Northumberland Early Years National Funding Formula hourly funding rate for 2-year-olds has increased by 6p to £5.63 for 2023/24.

For 2-year-olds the rate received should be passed on directly to providers. This rate has increased from £5.28 (2020/21) to £5.36 (2021/22) to £5.57 (2022/23) to £5.63 (2023/24).

The Disability Access Fund (DAF) annual rate has been increased from £615 (2021/22) to £800 (2022/23) and now to £828 (2023/24). Nationally DAF is for 3 and 4-year-olds. In 22/23 Northumberland extended this for 2-year-olds under our ability to apply local discretion to any underspend. This has been successful in supporting providers with inclusion and engaging more high needs learners in early years provision.

The Early Years Pupil Premium hourly rate has been increased by 2p to 62p per hour for 2023/24. Schools Forum will also recall that we agreed to significantly top up this rate through introducing further additional deprivation payments based on EY Pupil Premium eligibility with effect from April 2020. This has proved successful and has seen a dramatic increase in the take up of the Northumberland Pupil Premium Plus funding to support deprived children since the introduction of a new digital eligibility checker. The funding for the additional premium has not grown for 2023/24.

Early Years Block expenditure beyond the hourly rates, SEND and deprivation payments also includes the Early Years Team. They support around 400 providers and families with high quality training, assessment, guidance, Ofsted preparation, SEND, funding, sustainability and business management. The national minimum "pass through" level of funding (i.e. the % that must be paid directly to providers) is 95% of 3-and 4-year-old funding. Historically Northumberland setting have always received a pass through of above 95%.

The initial allocation for the Early Years Block for 2023/24 is £19,157,114 including the £225,505 allocation for the Early Years Pupil Premium and £109,296 for the Disability Access Fund. It includes an initial allocation of £16,333,591 for 3 and 4-year-olds (including

the redeployed £425,991 from the Teachers Pay and Pension Grant) and an initial allocation of £2,488,722 for disadvantaged 2-year-old children.

All these allocations are indicative and are based on the January 2022 census, they will be further revised in the light of the January 2023 and January 2024 census data. However, payments will continue to be made to schools and PVI settings based on actual pupil numbers in each of the three terms, Summer 2023, Autumn 2023 and Spring 2024.

Considering the income and expenditure streams noted above the proposed hourly payment rates for 2023/24 are shown below with 2022/23 figures for comparison:

	2022/23	2023/24	Increase
3 and 4 Year Old Rate	£4.45	£4.58	£0.13
2 Year Old Rate	£5.57	£5.63	£0.06
Northumberland Pupil Premium Plus rate	£1.38	£1.38	-
Disability Access Fund 2,3 and 4 year olds annually	£800	£8.28	£28

The proposal for 2023/24 rates are based on the principles of-

- Passing on the full uplift for all 2-year-old providers
- Passing on the full relative uplift for all 3 and 4-year-old providers
- Passing on the full DAF uplift to providers
- Maintaining the Northumberland Pupil Premium Plus rates

It has been agreed with Corporate Finance that this can be funded from within the overall EY DSG budget

Note 1 : Schools Forum is requested to note the following:

The Early Years Block budget to be set at the DfE allocation of £19,157,114 as detailed in Annex 1;

The 3- and 4-year-old rate will increase with a 13p uplift from £4.45 (2022/23) to £4.58 per hour (2023/24);

The 2-year-old rate will increase in line with the 6p uplift from £5.57 (2022/23) to £5.63 per hour 2023/24).

6. High Needs Block

The latest indicative High Needs Block (HNB) allocation for 2023/24 is £51,072,682. This figure is made up of £49,065,156 HN DSG originally allocated for 2023/24, plus an additional £2,007,526 allocated following the Autumn Statement. These figures are before any deductions by the ESFA for direct funding of places by the ESFA of Pre and Post 16 in Academies, Post 16 in maintained special schools and post 16 in Independent Learning Providers (ILP) and Further Education (FE) establishments, as outlined in Annex 1. This figure has been reduced by an estimated £867,000 in respect of the net import export adjustments.

The current 2023/24 allocation after these deductions is £48,216,682. This is the final 2023-24 HNB DSG figure shown in paragraph 3 above.

Work is continuing on the detail of the total requirements within the High Needs Block, and it is recommended that the total 2023/24 budget for the High Needs Block is set at this time, with the detailed breakdown of that funding into the various services being provided to the Schools Forum meeting on 15 February 2023. Setting the overall total for the High Needs Block is necessary at this time as final decisions in relation to the Schools Block must be made before the deadline of 20 January 2023 for submitting the APT and final mainstream school formula values to the DfE.

Note 2:

The budget for the High Needs Block will be set at £48,216,682, after the deduction by the ESFA for the place funding outlined at Annex 1.

Recommendation 1:

To agree that the various budgets within the High Needs Block be set at the meeting on 15 February 2023.

7. Schools Block

The 2023/24 Primary unit of funding (per pupil figure) is £5,059.28 (£4,790.26 in 2022//23) and the Secondary unit of funding is £6,222.64 (£5,905.10 in 2022/23), giving a per pupil allocation of £215,114,179 (£204,379,861 in 2022/23). The addition of a fixed amount in respect of Growth and Premises of £3,931,346 gives a total Schools Block of £219,045,526, before the deduction for rates of £2,533,172, as set out in **Annex 1**.

As agreed by Schools Forum at the meeting on 16 November 2022 and the subsequent consultation with schools, a maximum transfer of £ 541,280 (0.25%) of the Schools Block to the High Needs block is available, this would reduce the amount available to the Schools Block to £215,971,074, a figure £10,579,089 (5.1%) higher than the equivalent 2021/22 figure of £205,391,985. (NB these figures do not include the Additional Grants subsequently notified for 2022/23 and 2023/24 respectively). Work is still ongoing in relation to the final submission to the ESFA but it is proposed to reduce the proposed transfer marginally in order that we can fully fund the National Funding Formula (NFF) values, including the increase to the Mobility Factor, without using capping and scaling. This also includes the proposed uplift to the Split Site Factor in line with the NFF proposals and an inflationary increase to the PFI Factor in line with ESFA guidance.

A 0.5% Minimum Funding Guarantee (MFG) is being proposed. This is the maximum it can be set at without making a disapplication request to the ESFA. MFG is the mechanism that prevents excessive changes in the per pupil values on a year to year basis, that could potentially arise from changes in the overall student profile affecting low prior attainment and deprivation. The lump sum, sparsity and rates formula factors are excluded from MFG calculations by the ESFA in order to avoid excessive or inappropriate protection.

No disapplication requests have been made to the ESFA in respect of 2023/24 School Funding.

No further contribution to the growth fund or the falling rolls fund is anticipated in 2023/24.

As agreed at the 16 November 2022 Schools Forum meeting, and in conjunction with the associated 17 January 2023 Cabinet report, the decision on the final formula values is delegated to the Joint Interim Director of Children's Services. This is required in case of any adjustments following the submission of information to the ESFA by their 20 January 2023 deadline and the deadline for the confirmation of schools budget shares to mainstream maintained schools by 28 February 2023. No changes are anticipated at this stage. As in previous years, it is intended to provide maintained schools with their 2023/23 budget via the Schools E-courier bulletin by the ESFA deadline of 28 February 2023. This covers the period from April 2023 to March 2024. The equivalent figures for academies will

be included for illustrative purposes only; the ESFA is responsible for the provision of the general annual grant statements to academies for the period from September 2023 to August 2024 by 31 March 2023.

Note 3:

The budget for the Schools Block to be set provisionally at £219,045,526 including a proposed amount of £457,489 in respect of de-delegation. This figure is reduced to £218,576,043 after the transfer of £469,483 to the High Needs Block.

Note 4:

School budget shares be provisionally constructed based on the formula values shown the final column of Table 1, including an MFG value of 0.5%, subject to any adjustments required once the ESFA's decision is known.

Note 5:

Delegated powers to Joint Interim Director of Children's Services to set the final formula values was agreed at the 16 November 2022 Schools Forum meeting.

Table 1

**COMPARISON OF FINAL 2022-23 AND PROPOSED 2022-23 FORMULA VALUES FOR
NFF AND NORTHUMBERLAND**

Factor (all figures £)	NFF Values	NCC Values	NFF Values	Proposed NCC Values	Movement in NFF values 22/23 to 23/24	Movement in NCC values 22/23 to 23/24
	2022/23	2022/23	2023/24	2023/24	2021/22	2021/22
	col (b)	col (c)	col (d)	col (e)	col (f)	col (g)
AWPU Primary	3,217	3,217	3,394	3,394	5.50%	5.50%
KS3	4,536	4,536	4,785	4,785	5.49%	5.49%
KS4	5,112	5,112	5,393	5,393	5.50%	5.50%
Lump Sum Primary	121,300	121,300	128,000	128,000	5.52%	5.52%
Middle	121,300	121,300	128,000	128,000	5.52%	5.52%
High/Secondary	121,300	121,300	128,000	128,000	5.52%	5.52%
Deprivation - Free School Meals Primary	470	470	480	480	2.13%	2.13%
Secondary	470	470	480	480	2.13%	2.13%
Deprivation – FSM6 Primary	590	590	705	705	19.49%	19.49%
Secondary	865	865	1030	1030	19.08%	19.08%
Deprivation – IDACI:						
Primary Band F	220	220	230	230	4.55%	4.55%
Band E	270	270	280	280	3.70%	3.70%
Band D	420	420	440	440	4.76%	4.76%
Band C	460	460	480	480	4.35%	4.35%
Band B	490	490	510	510	4.08%	4.08%
Band A	640	640	670	670	4.69%	4.69%
Secondary Band F	320	320	335	335	4.69%	4.69%
Band E	425	425	445	445	4.71%	4.71%
Band D	595	595	620	620	4.20%	4.20%
Band C	650	650	680	680	4.62%	4.62%
Band B	700	700	730	730	4.29%	4.29%
Band A	890	890	930	930	4.49%	4.49%
Low Attainment Primary	1,130	1,130	1,155	1,155	2.21%	2.21%
Secondary	1,710	1,710	1,750	1,750	2.34%	2.34%
EAL Primary	565	565	580	580	2.65%	2.65%
Secondary	1,530	1,530	1,565	1,565	2.29%	2.29%
MOBILITY : Primary	925	463	945	945	2.16%	104.10%
Secondary	1,330	665	1,360	1,360	2.26%	104.51%
SPARSITY(max): Primary	55,000	55,000	56,300	56,300	2.36%	2.36%
Middle	80,000	80,000	81,900	81,900	2.38%	2.38%
Secondary/All Through	80,000	80,000	81,900	81,900	2.38%	2.38%

8. De-Delegation

The School and Early Years Finance Regulations, last updated in February 2022 permit that certain services can have funding centrally retained by the de-delegation of funding from maintained schools (but not from academies) with the specific approval of the relevant members of the Schools Forum. Academies are free to purchase these services, either through a Service Level Agreement (SLA) or on a Pay As You Go basis. Special Schools and the PRU are not affected by the de-delegation but can also participate through the SLA or on a Pay As You Go basis.

In January 2022, a separate paper was prepared for Schools Forum on de-delegation following the removal of the School Improvement and Monitoring Grant and the opportunity for LA's to recover this funding via de-delegation. In practice Northumberland decided to give both maintained schools and academies the option to buy in to services via the established Services to Schools SLA portal. The proposals for de-delegation are therefore unchanged and are listed below:

De-delegated funding is therefore formally requested in respect of the remaining 4 services:

	2022/23 Estimate (£)	2023/24 Estimate (£)	Cost per eligible unit (£)
Contingency Fund for School Restructure and Re-organisation costs	339,420	328,212	20.00
Determination of FSM Eligibility	22,266	22,832	6.00
Trades Union Facility Time	55,156	53,334	3.25
English as an Additional Language (EAL) services	41,353	53,111	220.00
TOTAL:	458,195	457,489	-

De-delegation is an integral part of the way in which these services are funded, and any changes would require a significant change of the way of working with schools. Cash values have been held at the same level as 2020/21 for all de-delegated budgets.

Recommendation 2: Schools Members of the Schools Forum representing maintained mainstream schools agree on a phase by phase basis to the de-delegation in respect of the five services listed above for 2021/22 using the per unit values, and estimated overall values as set out in the final column of Annex 1.

9. Central Schools Services Block

This block was newly created in 2018/19 and comprises of funding for ongoing statutory responsibilities of the Council and a cash sum for historic commitments. The 2023/24 allocation for this block is £2,268,990, a figure £185,281 (7.5%) lower than the 2022/23 allocation of £2,454,271. This reduction in the historic element was expected and has previously been reported.

As with the High Needs Budget, the overall budget will be set at £2,268,990 in line with the allocation, with the details of the budget being provided to the February Schools Forum meeting.

Note 7:

The budget for the Central Schools Services Block will be set at £2,268,990 as set out in Annex 1

DEDICATED SCHOOL GRANT (DSG) ALLOCATION 2023/24 - FINAL (as at 21 December 2022)

Annex 1

	Pupils Unit Value		
Schools Block	Main Primary	22,646.5 5,059.28	114,574,985
	Main Secondary	16,157.0 6,222.64	100,539,195
	Premises	38,803.5	3,035,226
	Growth		896,120
			219,045,526
	NNDR Within the Premises Factor (Deducted and paid directly)		-2,533,172
	Total Schools Block after Deduction of NNDR		216,512,354
	Transfer to High Needs Block		-469,483
			216,042,871
	Falling Rolls Fund		216,042,871
	Proposed De-delegation		-457,489
	Schools Block AFTER De-delegation		215,585,382
Central School Services Block	Pupil nos	38,803.5 36.95	1,433,790
	Historic Commitments (NB 20% Reduction)		835,200
			2,268,990
Early Years Block	3/4 Year Olds	4,105.08 2775.90	11,395,292
	3/4 Year Olds - Additional 15 hours	1,778.99 2775.90	4,938,299
	2 Year Old Entitlement	775.52 3209.10	2,488,722
	Disability Access Fund	132.00	109,296
			18,931,609
	Initial Allocation early years pupil premium	638.10 353.4	225,505
			19,157,114
High Needs Block			
	TOTAL 22/23 allocation (incl basic entitlement & additional grant)		51,072,682
	HN Place deductions		
	Mainstream Academy Pre 16	0 6000	0
	Mainstream Academy Post 16	29 6000	-174,000
	Special Academy Pre 16	209 10000	-2,090,000
	Special Academy Post 16	27 10000	-270,000
	Special Schools Post 16	0 10000	0
	Mainstream Post 16	0 6000	0
	ILP and FE	52 6000	-312,000
	Alternative Provision Academies and Free Schoo	1 10000	-10,000
	Total Deductions to HN Block for Direct Funding of Places by ESFA		-2,856,000
			48,216,682
	TOTAL HIGH NEEDS BLOCK AFTER DEDUCTIONS		48,216,682
	TOTAL 2022/23 DSG		291,544,312
	TOTAL 2022/23 DSG after NNDR & HN ESFA places		286,155,140

2023/24 De-delegation Summary :

Contingency	328,212
Trade Union Facility time	53,334
EAL	53,111
FSM Eligibility	22,832
	457,489

4.87 Per Eligible Child per Hour
4.87 Per Eligible Child per Hour
5.63 Per Eligible Child per Hour
828 Per Eligible Child
0.62 Per Eligible Child per Hour