

<b>Schools Management Forum</b>
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**Report of:** Craig Povey

**Subject:** 2023/24 Dedicated Schools Grant (DSG)  
Schools Block

**Date:** 18<sup>th</sup> January 2023

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**1.0 Purpose of the report**

- 1.1 The purpose of this report is to provide an update to the forum on the Dedicated Schools Grant (DSG) Schools Block, National Funding Formulae (NFF) 2023/24.

**2.0 Summary**

- 2.1 2023/24 DSG Schools Block allocation is £131.6m, of which premises element recouped to fund school business rates is £731.8k.
- 2.2 From April 2023 the Education & Skills Funding Agency (ESFA) will pay school business rates direct to paying authorities.
- 2.3 Introduction of the School Supplementary grant last year, paid separately previously, has been incorporated into NFF for 2023/24.
- 2.4 SMF to agree funding formula.
- 2.5 SMF to agree growth fund budget for 2023/24.
- 2.6 SMF to note Mainstream Schools Additional Grant (MSAG) is outside of the APT
- 2.7 Submission of Authority Pro-forma Tool (APT) to the ESFA by 20<sup>th</sup> January, 5pm deadline.

**3.0 Background**

- 3.1 The DSG is a ring-fenced grant of which the Schools Block is part thereof. The Schools Block is funding for schools. The only other funded elements allowed from the Schools Block is the growth fund and any transfer of funds from the Schools Block to another block (High Needs, Early Years or Central School Services Block). The growth fund, and any transfer from the Schools Block, requires agreement by the Schools Management Forum.

#### **4.0 Schools Block National Funding Formula changes for 2023/24**

4.1 The ESFA have confirmed the following key elements for the schools NFF in 2023/24, though similar to 2022/23

- The NFF funding units for the 2023/24 values (see table below).
  - The NFF calculations for 2023-24 are based on the most up to date school and pupil characteristics data (taken from 2022-23 APT and 2022-23 General Annual Grant (GAG))
- In 2022-23 mainstream schools are receiving a supplementary grant in addition to the DSG. For 2023-24 this will be allocated through the schools block NFF, adding to the baseline; increasing the basic per pupil funding, the funding for pupils who have been eligible for free schools meals at any time in the last six years (FSM6) and the lump sum funding; and increasing the minimum per pupil funding.
- In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy for the 2021 assessments, which were cancelled due to the pandemic.
- For premises funding's business rates component, we have used the 2022-23 estimates from the APT rather than the funding allocated, due to process changes supporting the move to centralising the payment of business rates.
- Removal of the transitional protection from the growth factor because no LA is now eligible for it.
- Minor revision to the theoretical baseline methodology, now treat the fringe and non-fringe parts of the fringe LA's separately when calculating the rates for each LA.

4.2 Government have continued with its intention to move to a single hard national funding formula. During 2021/22 the government started the consultation to move to a 'hard' NFF in the future, which will determine school funding allocations directly, rather than local funding formulae.

4.3 Other changes to local authority formulae arrangements for 2023/24:-

- Can set a minimum funding guarantee (MFG) in local formulae between +0.5% and +2% per pupil.

## Agenda Item 7.2

- Local authorities can continue to be able to transfer up to 0.5% of the schools block to other blocks of the DSG, with schools forum approval.
- Local authorities are required to consult with all maintained and academy schools as well as their School Forum on any proposed changes to the local formula. Any changes will need to show the effect by school.
- The formula is set by the Local Authority, which is to be submitted to the ESFA by 20<sup>th</sup> January 2023.

**5.0 Middlesbrough's Schools Block 2022/23 and 2023/24**

5.1 The following table below summarises the NFF unit rates issued by the ESFA for 2023/24:

<b>Factor</b>	<b>NFF 22/23 £</b>	<b>NFF 23/24 £</b>	<b>Change £</b>
<b>PRIMARY</b>			
AWPU - Primary	3,217.00	3,394.00	177.00
Minimum per pupil	4,265.00	4,405.00	140.00
FSM	470.00	480.00	10.00
FSM6	590.00	705.00	115.00
IDAC A	640.00	670.00	30.00
IDAC B	490.00	510.00	20.00
IDAC C	460.00	480.00	20.00
IDAC D	420.00	440.00	20.00
IDAC E	270.00	280.00	10.00
IDAC F	220.00	230.00	10.00
EAL	565.00	580.00	15.00
Mobility	925.00	945.00	20.00
Prior Attainment	1,130.00	1,155.00	25.00
Lump Sum	121,300.00	128,000.00	6,700.00
Sparsity	55,000.00	56,300.00	1,300.00
<b>SECONDARY</b>			
AWPU – KS3	4,536.00	4,785.00	249.00
AWPU – KS4	5,112.00	5,393.00	281.00
Minimum per pupil KS3		5,503.00	
Minimum per pupil KS4		6,033.00	
FSM	470.00	480.00	10.00
FSM6	865.00	1,030.00	165.00
IDAC A	890.00	930.00	40.00
IDAC B	700.00	730.00	30.00
IDAC C	650.00	680.00	30.00
IDAC D	595.00	620.00	25.00
IDAC E	425.00	445.00	20.00
IDAC F	320.00	335.00	15.00
EAL	1,530.00	1,565.00	35.00
Mobility	1,330.00	1,360.00	30.00
Prior Attainment	1,710.00	1,750.00	40.00
Lump Sum	121,300.00	128,000.00	6,700.00
Sparsity – Secondary	80,000.00	81,900.00	1,900.00

### Supplementary Grant funding rates

Grant element	Unit value
Primary basic per-pupil	£ 97
Key stage 3 (KS3) basic per-pupil	£ 137
Key stage 4 (KS4) basic per-pupil	£ 155
Primary FSM6 per-pupil	£ 85
Secondary FSM6 per-pupil	£ 124
Lump sum	£ 3,680

(please note values in presentation slide for school allocations from above grant for 2022-23, show the split for Middlesbrough schools, total of £3.74m)

### Sparsity Distance thresholds

School phase	Main distance threshold	Tapered distance threshold
Primary, middle, and all-through schools	2 miles	1.6 miles
Secondary schools	3 miles	2.4 miles

## 6.0 Budget Allocations

6.1. The following DSG allocations for schools block received from ESFA on 16th December 2022:

Block	Total Schools Block (Excluding Growth & Rates) £'000	Premises Factor £'000	Growth Funding £'000	Total Schools Block £'000
Schools	129,210.9	546.8	1,199.7	131,643.4

## 7.0 APT Submission

7.1 The revised dataset was received on 16<sup>th</sup> December 2022, and the modelling tool (APT) was received on the 20<sup>th</sup> December 2022 to enable local authorities to submit their funding formula in line with the 20<sup>th</sup> January 2023 deadline. Once submitted no changes can be made.

## Agenda Item 7.2

- 7.2 The final funding formula used the datasets provided by the ESFA, collected at the October 2022 census. The regulations stipulate that these datasets applied in completing the funding formula.

## 8.0 Middlesbrough's Schools Block Formula 2023/24

- 8.1 Appendix B shows the impact on individual school budgets of the options proposed. The Minimum Funding Guarantee (MFG) in all scenarios has been set at 0.5% within Middlesbrough's school formula. This is the maximum the formula allows, without disapplication. No capping or scaling has been applied within the formula, in line with the NFF. Due to the effects of Secondary Units of Funding (SUF) and Primary Units of Funding (PUF) there is a pressure of £322k before any deductions to rates. The proposed options are in order to enable the NFF rates to be applied in full and 0.5% MFG there will be a requirement to utilise some of the growth fund. In the scenario planning, the growth fund, along with place planning has been factored into contributing to the overall Schools budget shares.
- 8.2 Option 1 – To **reduce** the FSM and IDACI band payments across all schools by maximum 2.5% allowable and FSM6 by £4.42 from secondary schools. It is proposed to use the 2023/24 Growth funding and add to the existing £45.5k reserve brought forward from 2021-22. This would result in maintaining the NFF AWPU rates for 2023/24.
- 8.3 Option 2 – To **reduce** Basic Entitlement rates on secondary (KS3 & KS4) schools, by £41.70 (KS3) and £46.85 (KS4) which has impact on individual schools compared to option 1 and 3. Overall impact is to re-distribute funding from secondary to primary schools of approximately £145k compared to the other two options. It is proposed to drawdown Growth funding and amend the following rates within the NFF guidelines if agreed.
- 8.4 Option 3 – to **reduce** Basic Entitlement rates on both Primary and secondary schools by £12.25 (Primary) and £22.75 (KS3) and £25.00 (KS4). Overall impact is similar to option 1 in comparison to impact overall on Primary and Secondary school splits of total allocation.

### **Please see tables in presentation for impact on individual schools**

- 8.5 It is the case that due to the complexities of how the formula is calculated and schools individual characteristic it is not possible to 100% compare previous years formula's with proposals for 2023/24 though the formula is moving fully towards this. An increase in one unit value will mean a school receives more/less funding, however due to how this affects the MFG any

## Agenda Item 7.2

gain a school may receive from one unit maybe offset by the change in MFG. Therefore, when reviewing changes in individual schools budgets, consideration needs to be given to the overall formula changes. The biggest change from one year to the next are pupil numbers.

8.6 Of the 49 schools,

- Option 1, applies to all schools, of those, 10 schools (all primary) would see a reduction in funding on 2022/23 level (including SSG funding for 2022/23 level), 39 schools will receive similar or an increase in funding, as per NFF, if this option is agreed.
- Option 2, applies to only secondary schools, 9 schools (all primary) would see a decrease in funding and 40 will remain similar or increase as per NFF, if this option is agreed.
- Option 3 applies to all schools, 10 schools (all primary, same as option 1) would see a reduction in funding on 2022/23 level when adding in supplementary grant, and 39 will remain the same or increase as per NFF, if this option is agreed.

8.7 The reason why some schools budgets do not change is due to the MFG and NFF when the rates are updated in scenario's within the LA parameters set in the APT.

8.8 Once the formula is agreed, APT submission to ESFA by the 20th January 2023 deadline. There may be the requirement from ESFA to make some minor adjustments on submission, after which this will become the budget allocations for schools in 2023/24.

## 9.0 Growth Fund

9.1 The funding set aside for Middlesbrough's Growth Fund in 2021/22 underspent by £45.5k, and was rolled forward in to 2022/23 to create the 2022/23 Middlesbrough Growth Fund budget (Reserve). No growth funding was required in September 2022.

9.2 It is proposed to increase places within the 4 schools identified which will utilise some of the growth fund received for 2023/24 and the remainder to add to reserve of £45.5k to both support the schools block, and to allow for some growth provision within Middlesbrough for 2023/24.

9.3 The 2022/23 schools block underspend, if any due to the way the funding formula and how recoupment is applied, is proposed to roll this forward to the 2023/24 Middlesbrough Growth Fund budget to support any additional emergency placements and can support future APT.

## Agenda Item 7.2

- 9.4 There is an estimated requirement of 60 year 7 places from September 2023, paid at KS3 AWPU rate not covered in places increase above. Therefore, a Growth Fund budget of £167.5k is required. This can be funded from the carry forward of the 2021/22 reserve of £45.5k plus £122k from this years growth fund allocation. Any balance in schools block reserve continues to be held to support future places and/or APT.

## 10.0 Recommendations

- 10.1 Schools Management Forum to note the indicative school supplementary grant changes and that this is now part of the APT submission and this will be part of allocations in 2023/24.
- 10.2 School Management Forum (primary, secondary, special and PVI) vote on the funding formula options:-
- Option 1 – (all key stage schools) Apply 0.5% MFG, and reduce school allocations by the FSM and IDACI rates by 2.5% and £4.42 off FSM6 from secondary
  - Option 2 – (all key stage schools) Apply 0.5% MFG, and reduce secondary schools only by £41.70 for KS3 and £46.85 for KS4
  - Option 3 – (all key stage schools) Apply 0.5% MFG, and reduce basic entitlement rates of £12.25 Primary, £22.75 KS3 and £25.00 for KS4.
- 10.3 Schools Management Forum to note that if no option is approved, in order to enable the NFF rates to be applied in full and 0.5% MFG, there would still a requirement reduce the rates somewhere or to review places.
- 10.4 Schools Management Forum members to approve the 2023/24 School Formula and submission of the final APT pro-forma to the ESFA.
- 10.5 Schools Management Forum members agree to roll forward any reserve balance in schools block from recoupment calculations in 2022/23 and create the 2023/24 Growth Fund budget in schools block to potentially support any additional in year 7 places required above those identified in report or for subsequent APT support.