



Schools forum

Report title: Summary of the Schools Funding Settlement 2023/24

Date: 19th January 2023

Key decision: No

Contributors:

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Outline and recommendations

The report provides a summary of the funding position for 2023/24 based on the schools funding announcement made on the 16th December 2022.

The report further provides the basis on which the Authority Pro-forma tool (APT) will be based.

The report does however confirm the application of the Early Years Funding based on the current model.

Timeline of engagement and decision-making

Submission of the APT (Authority pro-forma tool) must be made to the DfE on the 20th January in fulfilment of their statutory requirement.

28th February is the legal deadline for the Local Authority to Publish to schools their delegated budget shares based on the funding settlement announced in December 2022 (which forms the basis of this report).

1. Summary

- 1.1. This report provides the summarised information received in respect of schools funding, with the main focus being on the Dedicated Schools Grant (DSG).

2. Background

- 2.1. On the 16th December 2022, the DfE announced the 2023/24 funding settlement for Schools.
- 2.2. Table 1 shows the Summary position.

	<u>Funding Announcement</u>				
	Schools	CSSB	HNB	EY	Total
2023/24 Base	£231,029,841	£3,308,775	£73,950,389	£25,897,808	£334,186,813
Increase from Autumn Statement (added to DSG)			£3,204,313		£3,204,313
TPPG (July settlement was advised to roll into the grant)	£0	£0	£0	£385,165	£385,165
	£231,029,841	£3,308,775	£77,154,702	£26,282,973	£337,776,291
Increase from Autumn Statement - separate grant - Mainstream Additional Grant (provisional)	£7,599,756				£7,599,756
	£238,629,597	£3,308,775	£77,154,702	£26,282,973	£345,376,047
2022/23 Base	£221,069,111	£3,693,443	£67,491,028	£24,501,305	£316,754,887
Suppl Grant v1	£6,188,263		£2,632,908		£8,821,171
TPPG				£385,165	£385,165
	£227,257,374	£3,693,443	£70,123,936	£24,501,305	£325,576,058
Net Increase/Decrease	£11,372,223	-£384,668	£7,030,766	£1,781,668	£19,799,989
	5.0%	-10.4%	10.0%	7.3%	6.1%

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- 2.3. Key point to note is that overall the settlement is more favourable than had previously advised. Table below notes that of the £19.8m increase, circa £10m was part of the initial settlement announced in July and discussed with Schools forum in October.

	£
increase in funding previously known	£9,916,952
Pupil dependant	£34,605
Additional Funding (autumn statement)	£10,253,516
Historic Adjustment	-£405,083
Total	£19,799,990

- 2.4. The following section will discuss each funding block in detail -the colour coding used for the above table is used consistently through this report.

3. Schools Block

- 3.1. Funding for schools has increased by circa £11.4m. This is equivalent to 5% compared to 2022/23 figure.

- 3.2. Table below shows further analysis of make-up of the £11.4m

Schools Block	£				Funding Source
Primary (£)	£1,164,275				£1,164,275
Supplementary Grant v1	£3,557,321				£3,557,321
Primary (pupil number change)	-£2,608,821				-£2,608,821
Sub Total Primary	£2,112,775				
	£0				
Secondary (£)	£1,678,092				1,678,092.00
Supplementary Grant v1	£2,630,943				2,630,943.00
Secondary (pupil number change)	£1,693,035				1,693,035.00
Sub Total Secondary	£6,002,070				
Premises Factor (includes NNDR)	£1,455,351				1,455,351.00
Growth Funding	£390,534				390,534.00
Mainstream Additional Grant	£1,411,493				1,411,493.00
Total Variance SB	£11,372,222				

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- 3.3. With regards primary and secondary funding, it is important to note that the “supplementary grant”, which was introduced in 2022/23 mainly to support the pressure arising from the Social Care Levy, has been rolled into the DSG as previously anticipated. As the Social Care Levy is now abolished, whilst this is not new money per se, schools will see the cash benefit.
- 3.4. The table below shows the movement of price verses movement in pupil numbers. It should be noted that there is an overall increase in Secondary age numbers of 224 (2% increase) ,whilst the primary numbers continue to reduce for 2023/24 by 451 (2%). The unit of funding now incorporates the supplementary grant value schools received in 2022/23.

	Primary schools unit of funding (£s)	Secondary schools unit of funding (£s)	Number of pupils in primary schools	Number of pupils in secondary schools
2023/24	£5,778.12	£7,928.78	22,551.50	11,627.50
2022/23	£5,572.86	£7,558.19	23,003.00	11,403.50
Difference	£205.26	£370.59	-451.50	224.00

- 3.5. There is a revised version of the supplementary grant known as the Mainstream Additional Grant (estimated at £7.8m) which is based on the autumn statement and for 2023/24 will remain a specific grant
- 3.6. There is also increase in funding within the premises factor mainly for NNDR (rates) but also a 11.2% uplift for the PFI factor based on RPI.
- 3.7. The detailed application of the schools block is further explained in the second report on this agenda titled “DSG 2023/24 APT-submission to DfE”
- 3.8. **Schools Forum is asked to note the overall increase in schools funding for 2022/23.**

Central Schools Services Block (CSSB)

- 3.9. Schools forum will recall, that initially the expectation was for the CSSB be disbanded with any residue funding to transfer to the Revenue Support Grant. This was however, predicated to the changes detailed in the white paper which has now been “shelved”. As a consequence the CSSB remains as previous. The funding is made of two elements, the first is based on “ongoing” duties, which provides a value based on pupil numbers. The second part is the historic baseline, which will reduce by 20% and it is anticipated to continue to do so year on year. This confirmation will likely place pressure on the support provided to schools.
- 3.10. Whilst there will inevitably be an impact, the service is working to minimise impact on direct services to schools, seeking to deploy other funding sources and maximise efficiencies. As with all services, those provided within the CSSB, will have upward pressure including those arising from pay awards and other contract inflation.

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CSSB				
20% Abatement in Historic Factors		-£405,083		-405,083.00
Ongoing Duties Price		£31,445		31,445.00
Ongoing Duties Volume (pupil number)		-£11,029		-11,029.00
Total Variance CSSB		-£384,668		

3.11. **Schools Forum is asked to note the reduction in CSSB of £0.4m.**

4. High Needs Block

4.1. Overall there is a welcomed increase of circa £7m, which is greater than previously advised of circa £4m. The table below provides further breakdown.

High Needs Block				
Funding Floor /Formula adjustment			£2,082,355	2,082,354.59
Funding Floor /Formula adjustment (july)			£3,873,245	3,873,245.41
Increase in Pupil Numbers in specialist setting			£492,669	492,669.00
Increase in Hospital Funding			£11,092	11,092.00
Increase in Supplementary Grant (which was already in the DSG)			£571,405	571,405.00
Total Movement in HNB			£7,030,766	

4.2. The HNB continues to face pressure with the projected outturn position for 2022/23 showing a cumulative deficit of £15m.

4.3. **Schools' forum to note the increase in funding as stated and to continue to note the requirement on LA (in partnership with their schools forum) to set a balanced budget position. Schools Forum has previously been advised of the Delivering Better Value (DBV) initiative that the DfE has required Lewisham to be part of. This is expected to commence in the summer 2023.**

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5. Early Years Block

- 5.1. Schools forum will recall that in the summer 2022, the DfE undertook a consultation which noted that Lewisham was one of the lowest funded councils, with proposals for increase in funding within the overall DfE Early Years Funding Envelope. Based on the information provided, the increase in funding for 2023/24 is based on that and doesn't appear to reflect any increase arising from the autumn statement. This has also been confirmed by DfE officials at various face to face meetings that which noted funding would be 0-16 (mainstream and special needs)
- 5.2. Table below notes an overall increase in funding of £1.78m and defines the various components.

Early Years Block			
Price 3&4 Year Old Funding		1,400,599.00	1,400,599.00
Price 2 Year old Funding		295,344.00	295,344.00
Pupil premium		2,892.00	2,892.00
Disability Access Funding		18,600.00	18,600.00
Supplementary Lump sum for NMS		64,233.00	64,233.00
Total Movement in EY		1,781,668.00	

- 5.3. Schools forum is asked to note the increase in funding but to note that the new settlement whilst welcomed as additional funding, will continue to place pressure on EY providers, as the increase rectifies some of the previous underfunding. The increase does not provide any funding to support the cost of living crisis.
- 5.4. Schools Forum is further asked to note the distribution of funding for the 3 & 4 year old and 2 year old hourly rates in line with current method,

	2022/23	2023/24 revised method	2023/24 autumn statement	Increase revised method	Increase autumn statement	Total increase	%
3&4 year old	£5.93	£6.04	£6.22	11p	18p	29p	4.9%
2 year old	£6.87	£7.46	£7.52	59p	6p	65p	9%

- 5.5. The hourly rate for **3 & 4 year olds** has increased from £6.04 (allowing for the streamlining of the Teachers pay and pensions grant at 11p) to £6.33. This shows a circa 5% uplift in funding. The table below shows the application of the funding across the agreed method.
- 5.6. DfE has proposed two options for the allocation of the TPPG.
- Option 1 – add to the hourly rate
 - Option 2 – determine targeted approach of supporting “quality factor -teacher based”.

Schools Forum is asked to support the distribution of the funding on “Quality based factor linked to teachers”. Assuming Schools Forum support this process, a data collection exercise will be required, which will then determine those providers that should receive a quality factor and the value of that factor.

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Realistic timescales would suggest a paper to forum either in the summer or autumn confirming the allocation.

3 & 4 year old funding	Current Model		2022/23 £	2023/24	difference	Revised model	% uplift
	£	%					
	£	%	6,142.98	6,142.98	0.00		
Early Years Sufficiency	0.30	5%	1,039,770	1,109,906	70,136.24	0.31	4.9%
Inclusion Fund	0.16	3%	560,145	597,929	37,783.83	0.17	4.9%
3 & 4 Year Old Entitlement	5.15	87%	18,022,676	19,238,370	1,215,694.81	5.40	4.9%
Deprivation	0.22	4%	756,196	807,204	51,008.17	0.23	4.9%
Contingency	0.11	2%	385,100	411,076	25,976.38	0.12	4.9%
	5.93	1.00	20,763,887	22,164,486	1,400,599.44	6.22	
TPPG to be allocated as quality factor	0.11					0.11	0.0%
Total hourly funding	6.04					6.33	4.8%

5.7. Then funding rate for **2 year olds** has also increased as stated in the July announcement, from £6.87 to £7.52. Allocation of this funding across the agreed method would be as follows:

	Current		2023/24 rate		2022/23	2023/24	Difference	
	£	%	£	%	£	£	£	%
Hourly Rate	6.19	90%	6.78	90%	£2,812,585	£3,078,695	£266,111	9%
Inclusion Fund	0.52	8%	0.57	8%	£236,275	£258,630	£22,355	9%
Contingency	0.16	2%	0.18	2%	£72,700	£79,579	£6,878	9%
	6.87	1.00	7.52	100%	£3,121,560	£3,416,904	£295,344	9%

6. Financial implications

6.1. The report recognises increases in funding for the Schools Block, High Needs Block and Early Years block.

6.2. The additional money is welcomed, however, the following concerns remain

- Schools Block –assuming 75% of costs are staff related at an increase of average 8%, the overall increase should be more in the region of circa £14.5m. This suggests that only the 2022/23 pay award has been in principle funded. Schools are also facing other inflationary pressure including increases energy costs, school meals etc which will continue to place pressure on schools with a real term reduction in funding.
- High Needs Block – currently the HNB is overspending by approximately £5m per year. the additional funding is at best likely to contain the current overspending.
- Early Years Block – increase in hourly rate is circa 5%, however like the Primary and Secondary schools, the cost drivers are greater. Nursery providers are also generally smaller in size and less likely to absorb the increase in cost.

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- 6.3. Central Schools Service's Block- the report recognises a reduction of circa £400k. it has yet to be determined what the impact on services that are offered to schools will be. As with all services, those provided within the CSSB, will have upward pressure including those arising from pay awards and other contract inflation.

7. Legal implications

- 7.1. There are no significant legal implications of this report.

8. Equalities implications

- 8.1. In principle there are no direct equalities impact as this documents reports on funding available. However, depending on how each school or service provider undertakes actions to deliver services within the allocated budgets, there could potentially be implications and Equalities Impact Assessments will need to be applied to plans and decisions.

9. Report authors and contact

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