

Schools and Early Years Revenue Funding Arrangements 2023-24

To:	Children and Young People Committee
Meeting Date:	17 January 2023
From:	Jonathan Lewis – Service Director: Education Martin Wade – Strategic Finance Business Partner
Electoral division(s):	All
Key decision:	Yes
Forward Plan ref:	KD2023/001
Outcome:	To advise the Committee of the 2023-24 Dedicated Schools Grant (DSG) allocation for Cambridgeshire published by the Department for Education (DfE) in December 2022. To seek the Committee's approval of the 2023-24 local Cambridgeshire schools funding formula and early years single funding formula.
Recommendation:	The Committee is recommended to: a) Approve the formula factors and draft unit values to be applied in the local Cambridgeshire funding formula, for primary and secondary mainstream schools as set out in Appendix A (<i>to follow</i>). b) Approve the proposed hourly rates for Early Years settings as detailed in section 5.2.
Voting arrangements:	Co-opted members of the committee are eligible to vote on this item.

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1. Background

- 1.1 This report follows on from the school funding update presented to the Committee at its November 2022 meeting which provided an update on the school funding arrangements for 2023-24. The report focuses on the Schools Block and Early Years Block within the Dedicated Schools Grant (DSG) and the associated funding formula to be applied for Cambridgeshire. An overview of the total DSG settlement for Cambridgeshire is also provided.
- 1.2 On 16th December 2022 the Department for Education (DfE) published the DSG allocations for 2023-24. Full details can be found on the DfE website at the following link and a summary of the key highlights is provided in [Section 2](#).

2. The 2023-24 Dedicated Schools Grant (DSG)

- 2.1 The DSG announcement made by the DfE in December 2022 included the Schools Block, the Central Services Schools Block, the High Needs Block and Early Years Block (indicative). The actual amount to be received by the local authority during the 2022/23 financial years is subject to change and will be amended to reflect recoupment for academies. The initial 2023-24 allocations for Cambridgeshire are set out in table on the following page, which also provides the 2022-23 allocations for comparison.

DSG Block	2022-23 Allocation £m	2023-24 Initial Allocation £m	Difference to 2021-22 Allocation £m	% Change
Schools Block (incl. growth, NNDR & 22-23 supplementary grant)*	434.048	452.820	+18.772	+4.3%
High Needs Block	94.360	104.277	+9.917	+10.5%
Central Services Schools Block	5.923	5.563	-0.359	-6.1%
Early Years Block	38.454	40.711	+2.257	+5.9%
Total	572.785	603.371	+30.587	+5.3%

*Please note: The 2022-23 Schools Block figures above includes supplementary grant funding which has now been baselined into main allocations for 2023-24.

- 2.2 The net increase in the Schools Block for 2023-24 is as a result of a combination of the additional investment through the national funding formula and the net increase in pupils between October 2021 and October 2022.
- Primary (Reception – Year 6) – net increase of 304.5 pupils
 - Secondary (Year 7 –Year 11) – net increase of 1,215.5 pupils
- 2.3 The High Needs Block uplift includes £4.1m as part of £400m allocated nationally following the autumn statement. (Additional funding for mainstream schools is covered in section 3). We are currently engaged with the DfE on our Safety Valve proposals and these will be

updated to reflect this additional funding. We expect further information on our bid in the spring.

- 2.4 The change in the Central Services Schools Block (CSSB) is as expected, and at the Schools Forum meeting in November members voted to continue to allocate the remaining CSSB to support the contribution to combined budgets in 2023-24. The reduction relates to historic commitments that the DfE have been tapering funding reductions over an extended period. As a result of this reduction, we are no longer able to subside the broadband offer to schools.
- 2.5 The Early Years Block indicative figures are currently based on January 2022 data and as such will be amended to reflect actual levels of take-up. Adjustments are also expected to 2022/23 figures based on receipt of the January 2023 census data.

3. Additional Funding

- 3.1 In addition to the DSG, mainstream schools will receive an additional grant in 2023 to 2024 following the announcements in the autumn statement. Details have been published at:
<https://www.gov.uk/government/publications/mainstream-schools-additional-grant-2023-to-2024>
- 3.2 Initial suggest an allocation of circa £15m for Cambridgeshire primary and secondary schools.
- 3.3 Funding will be calculated at school level based on a lump sum, pupil numbers and free school meal eligibility.

4. Proposed 2023-24 Cambridgeshire Schools Funding Formula

- 4.1 Following receipt of the revised datasets from the DfE on 16th December 2022, further budget modelling has been undertaken reflecting the approach agreed by Schools Forum and presented to CYP committee at the November meeting:
 - 1%/circa £4.5m block transfer from Schools Block to High Needs Block
 - £1.7m centrally retained growth fund
 - Align funding rates with the National Funding Formula (NFF)
 - Apply the maximum 0.5% Minimum Funding Guarantee (MFG)
- 4.2 After adjusting the Schools Block for the 1%/circa £4.5m block transfer and £1.7m centrally retained growth fund the total available for distribution (including business rates) is £446.592m.
- 4.3 **Appendix A (to follow)** shows a comparison between the current funding formula rates and the proposed rates to be used to allocate the total schools block to primary and secondary schools for 2023-24. These unit values reflect the national funding formula rates, including the revised minimum per pupil levels (MPPL) and have been scaled to meet overall affordability.

- 4.4 The illustrative impact of the final budget proposals at school level can be seen in **Appendix B (to follow)**.
- 4.5 Key points to note:
- Proposed unit values all exceed the Education, Skills and Funding Agency (ESFA) minimum allowable values, required as part of a move towards a direct national funding formula.
 - Final unit values in Appendix A may change slightly to allow for updates to business rates allocations which are still being finalised.
 - All schools will receive at least the MPPL at an overall cost to the formula of circa £2.8m, but the impact will vary for individual schools dependent on their individual circumstances.
 - The cost to the formula to meet the 0.5% MFG is £382k.
 - Despite the MPPL and MFG protections, there are a number of schools with falling rolls which is likely to result in an overall cash reduction when compared to previous years.
 - All school level figures remain draft until further data validation has been undertaken and the formula has been approved by ESFA.
 - Actual amounts to be received by academies will be notified directly by the ESFA for the 2023-24 academic year and may differ due to pupil numbers and protections applied.

5. Early Years Funding

- 5.1 As part of the DSG settlement published in December the DfE announced additional funding nationally for early years in 2023-24, which translates into:
- 34p per hour increase for funded two-year-olds
 - 26p per hour increase for all three- and four-year-olds
 - 2p increase, from 60p to 62p for Early Years Pupil Premium (EYPP) per eligible child
 - £28 increase, from £800 to £828 to the Disability Access Fund (DAF) per eligible child per year
- 5.2 As a result of these increases and considering the current challenges facing the sector, a minimal change approach is being proposed for the Cambridgeshire Early Years Single Funding Formula (EYSFF) for 2023-24. This would see the national increase passed on in full to providers resulting in:
- An increase in the hourly rate for funded two-year-olds from £5.78 to £6.12
 - An increase in the hourly rate for three- and four-year-olds from £4.37 to £4.63
- 5.3 EYPP and DAF will continue to be passported on to eligible children at the national rate.

6. Alignment with corporate priorities

- 6.1 Environment and Sustainability
There are no significant implications for this priority.

- 6.2 Health and Care
There are no significant implications for this priority.
- 6.3 Places and Communities
There are no significant implications for this priority.
- 6.4 Children and Young People
The following bullet points set out details of implications identified by officers:
- The budget allocations will directly impact on the levels of funding to be received by each school in Cambridgeshire.
- 6.5 Transport
There are no significant implications for this priority.

7. Significant Implications

- 7.1 Resource Implications
The following bullet points set out details of implications identified by officers:
- This report sets out details of the overall resources in respect of the DSG for 2023-24.
- 7.2 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no significant implications within this category.
- 7.3 Statutory, Legal and Risk Implications
The following bullet points set out details of implications identified by officers:
- The need to set the schools funding formula in line with the DfE requirements
 - The need to submit the final 2023-24 Authority Pro-forma Tool (the schools budget data) to the ESFA by the 20 January 2023
 - The requirement to publish school budgets by the statutory deadline of 28 February 2023
- 7.4 Equality and Diversity Implications
There are no significant implications within this category.
- 7.5 Engagement and Communications Implications
The following bullet point sets out details of significant implications identified by officers:
- During November 2022 schools were consulted on the Cambridgeshire schools funding formula proposals for 2023-24.
- 7.6 Localism and Local Member Involvement
There are no significant implications within this category.
- 7.7 Public Health Implications
There are no significant implications within this category.
- 7.8 Environment and Climate Change Implications on Priority Areas:
- 7.8.1 Implication 1: Energy efficient, low carbon buildings.
Positive/neutral/negative Status:
Explanation:

- 7.8.2 Implication 2: Low carbon transport.
Positive/neutral/negative Status:
Explanation:
- 7.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Positive/neutral/negative Status:
Explanation:
- 7.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Positive/neutral/negative Status:
Explanation:
- 7.8.5 Implication 5: Water use, availability and management:
Positive/neutral/negative Status:
Explanation:
- 7.8.6 Implication 6: Air Pollution.
Positive/neutral/negative Status:
Explanation:
- 7.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.
Positive/neutral/negative Status:
Explanation:

8. Source documents guidance

- 8.1 [The national funding formulae for schools and high needs](#)
- 8.2 [National funding formula tables for schools and high needs: 2023 to 2024](#)
- 8.3 [Schools operational guide: 2023 to 2024](#)