

2023/24 Schools Budgets and Dedicated Schools Grant Funding

Schools Forum – 14th December 2022

Introduction

The purpose of today's presentation is to share with Schools Forum the latest position on Dedicated Schools Grant (DSG) funding in relation to the 2023/24 budget setting round:

1. 2023/24 DSG Funding Arrangements – Autumn Statement
2. Consultation Feedback
3. Notional SEN / High Needs Contingency
4. Retained Funding and De-Delegations (Maintained Primary only)
5. Growth Funding / New Schools
6. Next Steps

Autumn Statement

- ◆ “thank you for your brilliant work – we need it to continue”.
- ◆ “being pro education is being pro-growth”. Education is “not just economic but a moral vision”.
- ◆ The core schools budget in England will receive an additional £2.3 billion of funding in 2023-24 and £2.3 billion in 2024-25.
- ◆ **After adjusting Spending Review 2021 budgets down to account for the removal of the compensation for employer costs of the Health and Social Care Levy, this brings the core schools budget to a total of £58.8 billion in 2024-25, £2 billion greater than published at Spending Review 2021.**
- ◆ This restores 2010 levels of per pupil funding in real terms and provides an average cash increase for every pupil of more than £1,000 by 2024-25, compared to 2021-22

Funding Position

	Original 2021 Budget £bn	2022 Autumn Statement £bn	Change £bn	% change from original budget expectation	Overall % increase from previous year
2021-22	49.8				
2022-23	53.8				8%
2023-24	55.3	57.3	2	3.6%	7%
2024-25	56.8	58.8	2	3.5%	6%

Were cost pressures met in 2022-23? Pay rises alone were expected to cost education £1.3bn.

Core Schools Budget

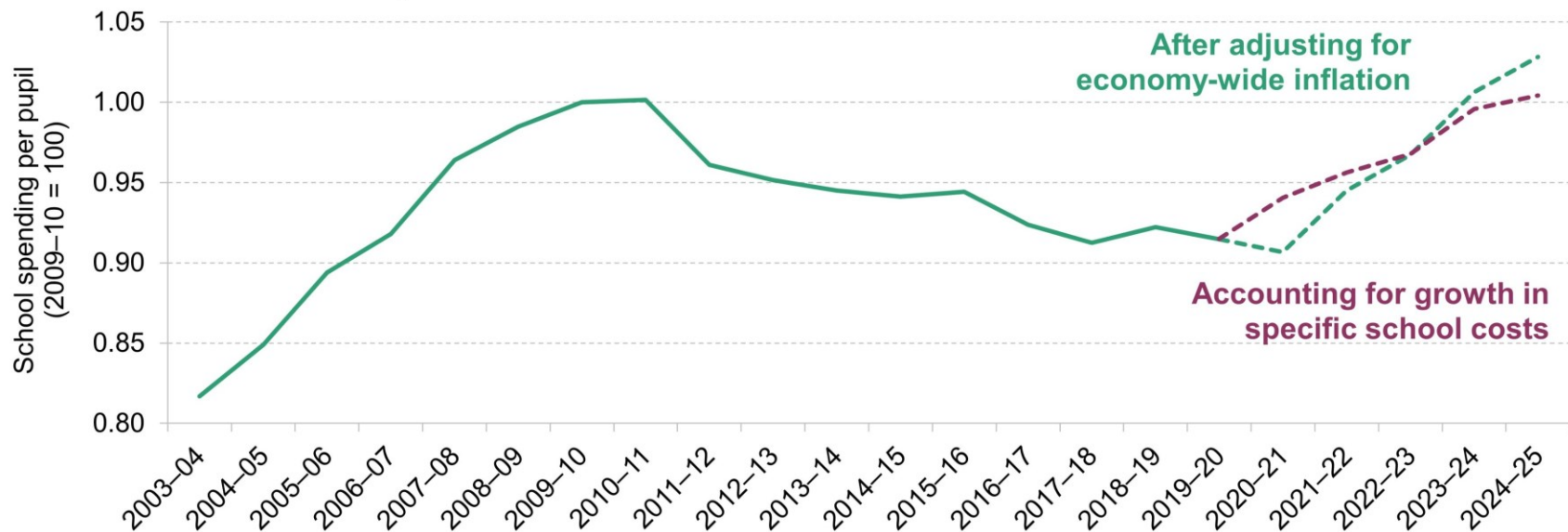
Core Schools Budget	Total Funding (£m)	Year-on-Year Increase (£m)
2021-22	49,800	
2022-23	53,800	4,000
2023-24	57,300	3,500
2024-25	58,800	1,500

- ◆ Schools, High Needs and Central School Services Blocks; Pupil Premium.
- ◆ 2024-25: no pupil growth anticipated; low inflation forecasts.
- ◆ No continuation of the Energy Bill Relief Scheme for schools, from April 2023.

Is return to 2010 spending levels something to celebrate?

Extra £2.3bn in school funding will return spending per pupil to above 2010 levels and **cover expected cost pressures**

Real-terms trends in school spending per pupil, based on economy-wide inflation and specific school costs



Source: Updated version of Figure 3, 'School spending and costs: the coming crunch', Luke Sibieta, IFS Briefing Note BN347

The Institute for Fiscal Studies said

- ◆ spending per pupil in 2024-25 will be about 3 per cent above 2010 levels using an “economy-wide inflation captured by the GDP deflator”.
- ◆ if this is adjusted for an estimated index of school-specific costs, spending per pupil will “return almost exactly back to 2010 levels”.
- ◆ “This means that school funding is now forecast to exceed growth in school costs, such as growth in teacher and support staff pay levels. This assumes a teachers pay increase of 3%.

What will it mean for your school?

- ◆ This is not a huge windfall – more likely to create stability and remove the need for immediate decisions on structures etc.
- ◆ We don't know how this funding will be allocated or whether it will be spread across all elements of funding or just schools.
- ◆ No funding increase for early years, post 16, FE or SEND expected (including special schools).
- ◆ Inflation forecast at 7% with a concern around energy protection not continuing for public sector (need to absorb inflation)
- ◆ Assumed 3% teachers pay increase – is this likely to happen?
- ◆ Impact of recessions – more free school meals?

We won't get an updated position until the end of December. Prudent financial management is still needed.

Consultation

- The schools funding formula continues to be an LA decision in 2023-24.
- As in prior years, schools must be consulted on:
 - a) Any changes to the formula being proposed; and
 - b) Any transfer proposed from the Schools Block.
- For 23/24 there are no major changes being proposed to the local funding formula, other than the required alignment with the NFF.

Consultation Responses

- 160+ people attended two virtual budget briefings which were held during November.
- However, **only 1** email submission was received in response to the funding consultation which closed on Friday 2nd December (compared to 47 responses received in respect of last years consultation)
- The response detailed the concerns previously discussed at Schools Forum in respect of the impact of pay awards, energy costs and SEND.

Required Actions

- **Funding Formula**
 - a) Schools Forum are asked to note and comment on the updates to the Dedicated Schools Grant following the Autumn Statement

Notional SEN Budget

- As discussed at the previous meeting LA's are required to identify a notional budget for all mainstream schools.
- The notional SEN is not a separate formula factor or funding allocation, so does not generate funding in its own right, but is based on a % of factors which contribute towards a school's overall funding.
- The overall % of budget currently defined as notional SEN within the local formula is low compared to geographical and statistical neighbours.
- As part of the move towards a Direct NFF and to avoid potential cliff edges it was agreed we would move more towards the national average.

Notional SEN Budget

Factors	Current %	Proposed %
Basic Entitlement	4.62%	6.00%
FSM and FSM6	7.67%	10.00%
IDCAI	68.32%	75.00%
Prior Attainment	33.74%	45.00%
Total value of Notional SEN	£29,696,532	£38,147,620
Total % of overall Schools Block	7.11%	9.13%

- Statistical neighbour average (excluding Cambridgeshire) in 22/23 = 10.72%
- Eastern Region average (excluding Cambridgeshire) in 22/23 = 9.98%
- **Appendix 2** shows the illustrative school level impact based on 2022/23 budgets.

High Needs Contingency

- At the previous meeting Schools Forum requested officers develop a hybrid methodology which looked at both:
 - The % of EHCPs on role
 - Schools where the cost of the £6,000 contribution exceeded the notional SEN.
- **Appendix 3** shows the proposed school level allocations for 2022/23 based on the revised methodology.
- For the purpose of the revised calculation the October 22 census data has been used for overall pupil numbers and number of EHCPs (adjusted for Units and Enhanced Resource Bases).
- Recognition of in-year changes, but too resource intensive to continually revise.

Required Actions

- ***Notional SEN / High Needs Contingency***
 - b) Schools Forum are asked to comment on the proposed increases to the % of delegated budget identified as notional SEN.
 - c) Schools Forum are asked to comment on the revised option for allocating the available £450k high needs contingency fund in 2022/23.

Retained Duties Funding

- For 2023/24 it is proposed to:
 - Continue to apply the retained duties funding received as per of the CSSB to support ongoing functions.
 - Continue to retain £10 per pupil from maintained schools for services specifically provided to maintained schools.

<u>Retained Duties Estimates</u>	2023/24 £000
Estimated Education Functions - £10 per pupil - Maintained Only*	£288

*Final amount will be dependent on pupil numbers applied in the final budgets.

De-delegation Amounts

- Apply to maintained primary schools only:

	Agreed 2022/23 Basis	Proposed 2023/24 Basis
Contingency	£2.10 per pupil	£2.10 per pupil
Free School Meals Eligibility	£4.65 per FSM child	£4.65 per FSM child
Maternity	£5.00 per pupil	£5.00 per pupil
Trade Union Facilities Time	£1.10 per pupil	£1.10 per pupil

Required Actions

- ***Education Functions and De-delegations:***
 - d) Maintained Primary School representatives on Schools Forum are asked to approve:
 - i. The continued retention of £10 per pupil from maintained schools for services specifically provided to maintained schools.
 - ii. The continuation of the de-delegation in respect of Contingency.
 - iii. The continuation of the de-delegation in respect of Free School Meals Eligibility.
 - iv. The continuation of the de-delegation in respect of Maternity and Paternity Cover.
 - v. The continuation of the de-delegation in respect of Trade Union Facilities Time.

Growth Funding

- **Appendix 4** shows a comparison of the latest October census numbers to both the October 2021 position, and the latest forecasts for 2023/24.
- This data, alongside Place Planning information will form the basis for initial identification of schools potentially eligible for growth funding.
- The proposed revised Growth Fund policy to be applied for 2023/24 can be seen at **Appendix 5**.
- Growth funding is only available to meet basic need.
- Funding would still be allocated as a lump sum per additional class for qualifying schools, but would avoid the need for an application other than in exceptional cases.
- The total cost of implicit growth will not be known until final data is received from the ESFA in mid-December.

Growth Funding

- Propose uplifting funding allocations by 5%
- Not currently proposing a change to the overall centrally retained Growth Fund, which currently stands at £1.67m, but will be reviewed.

Current 22/23 Funding Rates		
Phase	Academic Year	Financial Year (7/12ths)
Primary (1FE)	£54,000 + £4,000	£31,500 + £4,000
Secondary (1FE)	£65,000 + £4,000	£37,917 + £4,000

Proposed 23/24 Funding Rates		
Phase	Academic Year	Financial Year (7/12ths)
Primary (1FE)	£56,700 + £4,000	£33,075 + £4,000
Secondary (1FE)	£68,250 + £4,000	£39,813 + £4,000

Variation to Pupil Numbers

School	Proposed Guaranteed Number 23/24 APT - April to Aug (5/12ths)	Proposed Guaranteed Number 23/24 APT - Sept to Mar (7/12ths)
Pathfinder Primary	390	450
Trumpington Park Primary	420	480
Wintringham Park	90	120
Northstowe Secondary	480	600
Cromwell Community College (Primary Only)	90	120
Marleigh Primary Academy (opened Sept 22)	60	90

Please note: All numbers are still to be confirmed following discussion with schools/MATs

Required Actions

- ***Growth Funding and New Schools – Schools Forum are asked to:***
 - e) Approve the proposed changes to the Growth Funding policy and criteria to apply to 2023/24 only.
 - f) Note the proposed variations to pupil numbers.

Next Steps



- Mid-December 2022 – DfE to publish final DSG allocations
- 13th January 2023 – Schools Forum to review final proposals
- 17th January 2023– Children and Young People Committee to approve final budget proposals
- 21st January 2023– submission of the Authority Proforma Tool (APT) to the Education & Skills Funding Agency (ESFA)
- End of January/Early February 2023 – Primary and Secondary School Budgets to be published (illustrative for academies).
- February/March 2023 – Initial Nursery and Special budgets to be published