

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

23rd February 2023

**Joint Report of the Executive Director for Children's Services and Interim
Director of Finance & ICT**

**Schools Block Funding Settlement 2023-24
(Education)**

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 Yes, this is a key decision that will determine the budgets of mainstream schools and academies for all divisions and communities within Derbyshire. This is a Key Decision because it is likely to result in the Council incurring expenditure which is significant, having regard to the budget for the service or function concerned (this is currently defined as £0.500m).

3. Purpose

3.1 Cabinet is asked to approve the basis for calculating mainstream school and academy budgets for 2023-24.

4. Information and Analysis

4.1 Background

On 16th December 2022, the DfE published local authorities' Dedicated Schools Grant (DSG) allocations for 2023-24. Details of Derbyshire's allocation are summarised in Table 1 Below.

Table 1 – Derbyshire DSG Block Allocations 2023-24

Block	2023-24 £m	2022-23 £m	Change £m	Change %
Schools*	553.503	538.817	+14.686	+2.73
Schools - Pupil Growth	2.493	2.509	-0.016	-0.64
High Needs	111.255	100.293	+10.962	+10.93
Early Years	44.910	41.648	+3.262	+7.83
Central School Services	4.412	4.591	-0.179	-3.90
Total DSG	716.573	687.858	+28.715	+4.17

*Comparative rates have been adjusted for the 2022-23 Supplementary Grant

It should be noted that following the Chancellor of the Exchequer's Autumn Statement 2022, the settlement also included a Maintained Schools Additional Grant (MSAG) worth around £19.411m. This grant, which is equivalent to a further 3.6% increase in schools' delegated resources, will provide additional funding for the 5 to 16-year-old age range and will be available to maintained primary and secondary schools, academies and free schools. The grant is outside of the DSG and the National Funding Formula (NFF). The Education and Skills Funding Agency (ESFA) propose publishing institution-level allocations in Spring 2023 based on the following:

- Primary £119 per pupil
- Key Stage 3 £168 per pupil
- Key Stage 4 £190 per pupil
- Lump sum £4,510 per school
- £104 per eligible primary pupil on the Free School Meal Ever 6 count
- £152 per eligible secondary pupil on the Free School Meal Ever 6 count

The amounts calculated will be paid by the ESFA to academies directly and to local authorities for onward distribution to maintained schools, Authorities will not be allowed to vary the amounts calculated by the ESFA for maintained schools. The ESFA intend that the grant will be subsumed into the DSG and mainstream NFF for 2024-25.

The remainder of this report considers the Schools Block of the DSG which funds mainstream maintained and academy schools' formula budgets, the other blocks will be the subject of further reports to Cabinet in the next few weeks.

4.2 Schools Block Settlement 2023-24

The 2023-24 allocation for Derbyshire is set out in Table 2 below.

Table 2- 2023-24 Schools Block allocation

	Primary		Secondary		
	2022-23	2023-24	2022-23	2023-24	
Primary & Secondary Units of Funding (PUF/SUF) per pupil	£4,772.87	£5,041.46	£5,822.05	£6,146.50	
Including Supplementary Grant	£4,915.51		£6,002.10		
£ increase in PUF/SUF		£125.95		£144.40	
% increase in PUF/SUF		+2.56%		+2.41%	
Oct 2021 & 2022 pupil counts	58,294	57,865	40,449	41,084	
Sub-total excl. premises (£m)	286.545	291.724	242.779	252.520	
Premises - PFI (£m)	0.000	0.000	2.503	2.934	
Premises - Split site (£m)	0.100	0.104	0.137	0.143	
Premises - Rates (£m)	3.582	3.535	2.758	2.475	2023-24
Premises – Except'nl site (£m)	0.042	0.046	0.085	0.089	Total £m
Total ex Pupil Growth Fund	290.283	295.406	248.262	258.097	553.503
Pupil Growth Fund	0.576	0.755	1.933	1.738	2.493
Total Schools Block	290.859	296.161	250.195	259.835	555.976

The primary and secondary allocations have been derived from the mainstream NFF. Details of the NFF multipliers used in these calculations are provided in Appendix 2. The 2022-23 figures have been adjusted for the £15.598m of School Supplementary Grant (SSG) funding that has now been incorporated into the 2023-24 Schools Block and NFF multipliers. The 2023-24 NFF multipliers have increased by between 0.5% e.g. Minimum Per Pupil Level (MPPL) threshold, to around 4.1% for deprivation. The basic entitlement and lump sum allocations received by all schools have increased by 2.4% on a like for like basis.

4.3 Schools Block allocations 2023-24

Applying the NFF multipliers to the DfE's published school formula data is estimated to cost £557.379m, a shortfall of £3.876m compared to the Schools Block total allocation, excluding Pupil Growth Fund. The £3.876m shortfall is largely due to increases in deprivation, as measured by the Ever 6 and free school meals indicators, business rate revaluations and low prior attainment.

The calculated cost assumes a Minimum Funding Guarantee (MFG) of 0.5% per pupil and no cap on individual schools' year on year gains. The MFG mechanism provides a minimum year on year per-pupil increase for each school and the DfE requires LAs to set their own rate within national parameters, 0% to +0.5% being the limits for 2023-24. The rate of +0.5% was proposed in the Authority's consultation with schools and was widely supported by respondents.

It is permissible to use resources within the Pupil Growth Fund (PGF) element of the Schools Block to support mainstream school formula budgets and help close

the shortfall. In addition to providing general support for mainstream budgets, the purposes of the PGF are to:

- (i) support schools with significant in-year increases in pupil numbers;
- (ii) help individual schools meet Key Stage 1 class size requirements; and
- (iii) provide support to new Free Schools over and above their formula allocations whilst their numbers on roll build up.

PGF allocations are a matter for the Schools Forum rather than the Council. The shortfall was anticipated and Schools Forum have already given consideration to the capacity within the PGF to support mainstream school formula budgets, at its meeting on 15th December 2022 the Schools Forum agreed a £0.500m contribution plus a further £0.250m to fund the increase in free schools' pupil numbers from September 2023.

The above allocations left the remainder of the PGF (£1.743m) available to meet the other responsibilities listed in (i) – (iii) above and the Forum agreed the following allocations for next year:

Table 3 Approved Pupil Growth allocations 2023-24

	2023-24
Budget	£m
In year pupil growth – Free Schools	0.250
Support for formula budgets	0.500
Contribution to Free School reserve	0.500
In year pupil growth – Other schools	0.300
Key Stage 1 class sizes	0.450
Residual contingency	0.493
Total	2.493

As a result of the School Forum's decisions, the total resources available next year has increased to £554.253m, leaving a residual shortfall of £3.126m. In order to contain the cost of school budgets within the total resources available, the balance of the shortfall will be met by a 0.70% pro-rata reduction in formula multipliers. Schools and Schools Forum were consulted on this in autumn 2022, and their response is summarised in section 5 below.

The indicative allocations for 2023-24 are summarised in Appendix 3.

4.4 **De-delegated and top-sliced resources**

Schools Forums are permitted to take-back monies delegated through the formula to mainstream schools to fund a range of prescribed functions. Academies' budgets are not subject to de-delegation and therefore remain responsible for meeting their own costs directly.

In September 2022 the Authority consulted maintained schools on which services should be funded via de-delegated resources for 2023-24 and the results were reported to the Schools Forum meetings in October 2022. Given the widespread

support from schools, the Schools Forum agreed to approve the de-delegation of funds once more for 2023-24, a list of the relevant services is provided in Appendix 4. It should be noted that the list of services no longer includes cover for the reduction in the School Improvement Monitoring and Brokering Grant (SIMBG) which supports school improvement activities. This funding was agreed by Schools Forum in January 2022 as a short-term solution for 2022-23 only. The SIMBG ceases at the end of 2022-23 and no replacement funding will be de-delegated in 2023-24, Options are being considered for reshaping the offer by the school improvement service in response to this withdrawal of grant.

The decision to accept responsibility for costs funded from de-delegated and top-sliced resources is a matter for Cabinet and it is recommended that Cabinet agree to the Schools Forum’s request for 2023-24.

The proposed de-delegation and top-slice rates for 2023-24 are summarised in Appendix 4.

5. Consultation

- 5.1 The Authority has previously consulted schools and academies on the distribution of the Schools Block and there has been general support for the Authority’s approach of mirroring the NFF in its own local formula, as far as resources permit.

With regards to the proposals for 2023-24 in this report, schools, academies and the Schools Forum were consulted on the need to cap or scale NFF multipliers in order to make the local formula affordable within the School Block allocation and were provided with the detail of how the local formula multipliers would be affected as a consequence. 110 schools responded to the consultation, 79% of responses supported the Authority officers’ recommendation to pare back all multipliers. 89% of respondents supported the Authority officers’ recommendation to set MFG at 0.5%.

LA maintained schools were also consulted in the summer of 2022 on the de-delegation of resources for 2023-24. 103 schools responded to the consultation.

Table 4 – Responses to de-delegation consultation

	Percent of responses supporting de-delegation							
	Contingencies	Maternity	Public Duties	Trade Union FT	School Improv’t	Costs of redundancy	Fmr ESG services	Insurance
Primary	94%	97%	94%	90%	88%	95%	93%	95%
Secondary	66%	n/a	n/a	83%	100%	83%	83%	100%

The results of the consultation were reported to at the October 2022 meeting of Schools Forum and maintained primary and secondary school representatives agreed to request to continue de-delegation in all areas.

6. Alternative Options Considered

None, the proposals will continue to ensure the LA's formula allocations mirror the NFF as closely as possible within the available resources.

7. Implications

Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 DfE document: - Schools revenue funding 2023 to 2024 Operational guide December 2022 Publication
- 8.2 Consultation de-delegation letter to schools 24 June 2022 - ref SK0001
- 8.3 Derbyshire Consultation: Proposed Changes to School and Academy Funding 2023-24 Funding Consultation Autumn 2022 published 22nd September 2022.
- 8.4 Schools Funding settlement announcement 16th December 2022

9. Appendices

- 9.1 Appendix 1 - Implications.
- 9.2 Appendix 2 - National Funding Formula multipliers 2023-24
- 9.3 Appendix 3 - Analysis of mainstream formula budgets 2023-24 by indicator
- 9.4 Appendix 4 - List of proposed de-delegated and top-slice funded services 2023-24

10. Recommendation(s)

That Cabinet:

- a) Notes the overall DSG settlement for 2023-24 and the additional grant for schools;
- b) Notes the Schools Block allocation for 2023-24;
- c) Notes the National Funding Formula multipliers set out in Appendix 2;
- d) Approves the local mainstream formula multipliers set out in Appendix 3 as the basis for calculating Derbyshire school and academy budgets;
- e) Approves a Minimum Funding Guarantee of 0.5% per pupil for 2023-24;
- f) Approves that no cap on individual school gains will be applied in 2023-24;
- g) Approves the request from the Schools Forum to de-delegate/top-slice funds from LA maintained primary and secondary schools' 2023-24 budgets for the services listed in Appendix 4;
- h) That Cabinet notes the Pupil Growth Fund settlement and the budget decisions approved by the Schools Forum.
- i) Approves that any matters of detail regarding the calculation of school budgets be delegated to the Executive Director for Children's Services and the Interim Director of Finance & ICT in consultation with the Cabinet Member for Education; and

j) Agrees to receive further reports on the other DSG blocks at future meetings.

11. Reasons for Recommendation(s)

11.1 To ensure the Authority meets its statutory obligations in determining mainstream school and academy budgets for 2023-24.

12. Is it necessary to waive the call in period?

12.1 Yes.

Report Author: Shelley Kerlake

Contact details: shelley.kerlake@derbyshire.gov.uk

Implications

Financial

- 1.1 The Authority's current and projected accumulated DSG deficit mean that the costs of school and academy formula budgets must be contained within the quantum set by the DfE. The report's proposals, as set out in sections 4.1 to 4.4 above achieve this.
- 1.2 The formula proposals were submitted to the Education and Skills Funding Agency (ESFA) before 20st January 2023 for approval and to ensure compliance with the Regulations and associated guidance.

Legal

- 2.1 The Designated School Grant and allocation of block funding are made pursuant to the Education Act 2002, the School Standards and Framework Act 1998 and the Education and Inspections Act 1998. The proposed allocations are in line with the statutory DfE Guidance as set out in Schools operational guide: 2023 to 2024 - GOV.UK (www.gov.uk)

Human Resources

- 3.1 None

Information Technology

- 4.1 None

Equalities Impact

- 5.1 None

Corporate objectives and priorities for change

- 6.1 The proposals will support the Council's objective to work creatively together to inspire and empower children, young people and their families and communities to be the best they can be: safe, healthy, happy, learning and working.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None

National Funding Formula Multipliers 2023-24

Appendix 2

	2023-24 Multiplier	2022-23 Multiplier	Increase	Increase
Primary	£	£	£	%
Basic Entitlement per pupil: KS 1 & 2 ¹	3,394.00	3,314.00	80.00	2.40%
Deprivation: Current Free School Meals	480.00	470.00	10.00	2.40%
Deprivation: Ever 6 Free School Meals ¹	705.00	675.00	30.00	4.30%
Deprivation: IDACI F	230.00	220.00	10.00	4.30%
Deprivation: IDACI E	280.00	270.00	10.00	4.30%
Deprivation: IDACI D	440.00	420.00	20.00	4.30%
Deprivation: IDACI C	480.00	460.00	20.00	4.30%
Deprivation: IDACI B	510.00	490.00	20.00	4.30%
Deprivation: IDACI A	670.00	640.00	30.00	4.30%
Low Prior Attainment	1,155.00	1,130.00	25.00	2.40%
English as an Additional Language (EAL)	580.00	565.00	15.00	2.40%
Mobility	945.00	925.00	20.00	2.40%
Lump Sum ¹	128,000.00	124,980.00	3,020.00	2.40%
Sparsity	56,300.00	55,000.00	1,300.00	2.40%
Minimum Per Pupil Level ¹	4,405.00	4,384.00	21.00	0.50%
	2023-24 Multiplier	2022-23 Multiplier	Increase	Increase
Secondary	£	£	£	%
Basic Entitlement per pupil: Key Stage 3 ¹	4,785.00	4,673.00	112.00	2.40%
Basic Entitlement per pupil: Key Stage 4 ¹	5,393.00	5,267.00	126.00	2.40%
Deprivation: Current Free School Meals	480.00	470.00	10.00	2.40%
Deprivation: Ever 6 Free School Meals ¹	1,030.00	989.00	41.00	4.30%
Deprivation: IDACI F	335.00	320.00	15.00	4.30%
Deprivation: IDACI E	445.00	425.00	20.00	4.30%
Deprivation: IDACI D	620.00	595.00	25.00	4.30%
Deprivation: IDACI C	680.00	650.00	30.00	4.30%
Deprivation: IDACI B	730.00	700.00	30.00	4.30%
Deprivation: IDACI A	930.00	890.00	40.00	4.30%
Low Prior Attainment	1,750.00	1,710.00	40.00	2.40%
English as an Additional Language (EAL)	1,565.00	1,530.00	35.00	2.40%
Mobility	1,360.00	1,330.00	30.00	2.40%
Lump Sum ¹	128,000.00	124,980.00	3,020.00	2.40%
Sparsity	81,900.00	80,000.00	1,900.00	2.40%
Minimum Per Pupil Level ¹	5,715.00	5,687.00	28.00	0.50%

Note 1 – 2022-23 supplementary grant multipliers have been added before applying % increase shown.
All 2023-24 multipliers are rounded.

Analysis of mainstream formula budgets 2023-24 by indicator

Appendix 3

Indicator	Primary			Secondary		
	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24
	Count	Multiplier	Budget	Count	Multiplier	Budget
		£	£		£	£
Per Pupil – Key Stage 1 & 2	57,959.75	3,370.12	195,331,312	-	-	-
Per Pupil – Key Stage 3	-	-	-	25,081.00	4,751.33	119,168,107
Per Pupil – Key Stage 4	-	-	-	16,009.00	5,355.05	85,728,995
Current FSM	16,361.99	476.62	7,798,450	10,278.00	476.62	4,898,700
Ever 6FSM	16,881.37	700.04	11,817,630	11,293.00	1,022.75	11,549,915
IDACI F	4,925.51	228.38	1,124,887	3,466.52	332.64	1,153,102
IDACI E	6,829.69	278.03	1,898,857	4,593.82	441.87	2,029,869
IDACI D	2,642.50	436.90	1,154,507	1,783.13	615.64	1,097,767
IDACI C	3,082.94	476.62	1,469,390	2,187.81	675.22	1,477,251
IDACI B	3,024.74	506.41	1,531,757	2,049.74	724.86	1,485,776
IDACI A	761.76	665.29	506,793	537.26	923.46	496,141
Low Prior Attainment	17,027.70	1,146.87	19,528,563	9,306.25	1,737.69	16,171,381
English as an Additional Language	1,430.76	575.92	824,004	299.24	1,553.99	465,020
Mobility	200.95	938.35	188,558	0.00	1,350.43	
Lump Sum	354.00	127,099.39	44,993,184	45.00	127,099.39	5,719,472
Sparsity	48.25	55,903.88	2,697,628	0.25	81,323.75	20,330
Split site: <500m	4.00	2,909.84	11,639			
Split site: >500m	2.00	46,170.31	92,340	1.00	143,332.85	143,332
Private Finance Initiative	-	-	-			2,934,339
Rates			3,897,343			2,632,078
Exceptional Circumstances			42,489			89,599
Minimum Per Pupil Level			1,404,605			602,458
Minimum Funding Guarantee <small>see note 2</small>			202,648			11,084
Total Formula Budgets			296,516,594			257,874,726
TOTAL BOTH SECTORS						554,391,320

Note 1 – The multipliers are below the national rates in Appendix 2 as they have been reduced in line with the LA’s consultation to pare back multipliers in order to make the formula affordable with the overall schools block allocation, taking into account the £0.750m from the growth fund.

Note 2 – the Minimum Funding Guarantee has been set at 0.5% per pupil in accordance with the LA’s consultation.

List of proposed de-delegated and top-sliced funded services 2023-24

Appendix 4

			2023-24 Proposed		2022-23	
<u>Item</u>	<u>Purpose</u>	<u>Basis</u>	<u>Primary</u>	<u>Secondary</u>	<u>Primary</u>	<u>Secondary</u>
School Contingency Fund	e.g. schools in financial difficulty, exceptional unforeseen costs, unreasonable for a GB to meet	Per pupil	6.00	6.00	6.00	6.00
Insurance	Includes premises, cash in transit, public liability and employers' liability	Per pupil	22.75	22.75	22.25	22.25
Staff Costs: Maternity	Cover costs for staff on maternity, paternity or adoption leave	Per pupil	15.60	N/A	15.00	N/A
Staff Costs: Public Duties	Cover costs for staff on jury service.	Per pupil	0.21	N/A	0.20	N/A
Staff Costs: Trade Unions	Cover costs for staff undertaking union duties	Per pupil	4.28	4.28	4.12	4.12
School Improvement	Services include Leadership forums, single named contact for advice, guidance, signposting & support, e-noticeboard, reduced rate attendance at courses and conferences plus core package of 3 days of school improvement activity plus governor support package	Lump sum	2,950.00	2,950.00	2,850.00	2,850.00
	Replacement for school improvement monitoring grant	Lump sum	0.00	0.00	1,800.00	1,800.00
Redundancy (top-sliced)	Cost of release where agreed by LA as necessary	Per pupil	4.00	4.00	4.00	4.00
Former ESG (top-sliced)	Funds a range of HR, Finance, pensions, ICT and asset management functions	Per pupil	29.00	29.00	27.11	27.11