

# APPENDIX 1

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**SUBJECT:** 2023-24 SCHOOLS REVENUE FUNDING ARRANGEMENTS AND DEDICATED SCHOOLS GRANT

**DATE:** 18 January 2023

**RECIPIENT:** School's Forum

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## SUMMARY:

The Schools Forum is asked to note and endorse

1. The final stage APT (Authority Proforma Tool) submission to the Education and Funding Skills Agency (ESFA) by the 20 January 2023 for the Individual Schools Block allocations.

It is recommended that the Schools Forum approves

2. Technical adjustment for Private Finance Initiative (PFI) schools;
3. Adjustment for growing schools;
4. A block transfer to the Central School Services Block to compensate the reduced funding
5. Agree principle of adjustment in the event of a projected surplus or deficit

It is recommended that the Maintained Schools Forum members approve

6. Deduction from maintained schools budget shares to compensate the cessation of the School Improvement and Brokering Grant

## BACKGROUND and BRIEFING DETAILS:

### DSG FUNDING AND BACKGROUND INFORMATION

1. The table in paragraph 2 summarises the 2023/24 Dedicated Schools Grant (DSG) allocations. The values shown are before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by Education and Skills Funding Agency (ESFA).

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2.

<b>Dedicated Schools Grant 2023/24</b>	<b>Allocations before recoupment and direct funding</b>	<b>Change to 2022/23</b>	<b>Change to 2022/23</b>
	<b>(£)</b>	<b>(£)</b>	<b>(%)</b>
<b>Schools block</b>	182,406,473	7,228,854	4.13%
<b>Central school services block</b>	1,659,909	-83,535	-4.79%
<b>High needs block</b>	43,898,228	4,585,972	11.67%
<b>Early years block</b>	17,548,735	1,588,056	9.95%
	<b>245,513,345</b>	<b>13,319,347</b>	<b>5.74%</b>

3. The increase in the schools block reflects the increase in pupil numbers as well as the overall increase in funding in the National Funding Formula.
4. The Central School Services Block (CSSB) has reduced by a further £83,535. The 2022/23 allocations reduced by £103,000 from the 2021/22 funding allocation giving a cumulative reduction of £186,000.
5. The CSSB provides funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:
  - a. Historic commitments - DSG MASH Contribution (Preventative Social Care) is a historic commitment. The EFSA have reduced the funding for historic commitments each year since 2021-22 by 20%.
  - b. Ongoing responsibilities – these include admissions, National Copyright Licences and Statutory and Regulatory duties including education welfare and attendance. A detailed list of retained responsibilities for Statutory and Regulatory Duties funded from the CSSB is shown in Appendix A
6. Additional responsibilities regarding attendance will be passed to local authorities from September 2023.
7. Nationally the High needs funding is increasing by a further £970 million, or 10.6%, in 2023 to 2024. Special schools’ minimum funding guarantee (MFG) for 2023 to 2024 has been set at 3% compared to 2021 to 2022 funding levels. The increases will be passed to schools by increasing the top-up rates. The additional 3.4% additional funding (elsewhere on the agenda) is in addition to the MFG.
8. High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant, and School and Early Years Finance Regulations.

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High needs funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA).

9. The Early Years Block funding increase reflects increased rates and an increase in numbers from the January 2022 census.

Entitlement	Pupils	Rate £/hr	Pupils	Rate £/hr
For pupils aged 2 years	628	6.38	602	5.8
For pupils aged 3/4 years - basic 15 hours	3313	5.72	3209	5.42
For pupils aged 3/4 years with 30 hours	1217	5.72	1203	5.42

10. The supplementary funding for the maintained nurseries has changed from a historical lump sum to an hourly rate of £3.80. The indicative supplementary funding allocation has subsequently increased from £56,807 to an estimated £142,263. This estimate is dependent on the number of part time equivalents taking up the universal 15 hours.

11. The following analysis is provided to give forum members further background information before making any decisions. Maintained Primary School Balances reduced from £3,224,472 in 2020/21 to £1,375,234 2021/22. Primary Schools are forecasting further reductions at the end 2022/23. Conversely Maintained Secondary School balances have increased from £2,240,706 in 2020/21 to £3,226,293 in 2021/22 and are forecast to increase marginally at the end of 2022/23. Overall the share of balances for primary schools has fallen from 59% to 30% and balances for secondary schools have risen from 41% to 70% of the maintained mainstream school balances

- 12.

Phase	2020/21 Outturn £	2021/22 Outturn £
Primary	-3,224,472	-1,375,234
Secondary	-2,240,706	-3,226,293
<b>Total Mainstream</b>	<b>-5,465,178</b>	<b>-4,601,527</b>

13. Schools Forum members are asked to consider this analysis when deciding on the options laid out further in this paper.

## LOCAL FACTORS AND ADJUSTMENTS

14. The following adjustments will require Schools Forum members approval as has been the case in previous years

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15. In Southampton there are 3 schools with Private Finance Initiative contracts. The contract period for all schools is 30 years, from 29/10/2001 to 28/10/2031. In previous years a factor of £738,900 has been included to support schools that have unavoidable extra premises costs, because they are a PFI school, and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority.
16. A vote required from maintained and academy schools to approve a technical adjustment relating to the PFI costs
17. Southampton has two schools that are expected to grow with extra year groups in September 2023. It is recommended that these schools are allocated an amount of extra funding for growth based on a lump sum rather than pupil numbers. This is in accordance with the Growth Funding Policy previously agreed at schools forum. The lump sums are £66,000 for the extra classes at Primary Schools and £88,300 for the extra secondary classes. These are adjusted to account for the lag in funding for 7 months between September 2023 and March 2024
18. The adjustment in the Authority Proforma Tool (APT) to provide the funding would be allocated to the schools in the inputs and adjustments schedule by setting the expected number of pupils to give the agreed AWPU funding. The total adjustment is estimated to be £462,936.
19. A vote required from maintained and academy schools to approve the adjustment relating to the growing schools.
20. As outlined in paragraph 4 the funding for the CSSB has reduced by £186,000 over the last two years. To enable the Education team to continue to assist schools at the current levels it is recommended that a block transfer is made from the Schools Block to the CSSB for the sum of £186,000. This sum is 0.1% of the Schools Block allocation, Schools Forum can approve transfers up to 0.5% of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG)
21. A vote is required from all schools to agree the block transfer.
22. The DfE recently announced a phased reduction of the School Improvement and Brokering Grant paid to local authorities ahead of full removal in 2023/24. The grant allowed local authorities to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate. Primary school heads and secondary school heads of the maintained schools have been consulted on the future treatment of this funding and have expressed a preference for the funding to be held centrally by the local authority.
23. The full value of the grant in 2021/22 was £160,674. To transfer an equivalent amount to the local authorities this would mean that maintained schools have their allocations reduced by a sum equivalent to £8.85 per pupil.
24. A vote is required from maintained schools to agree this adjustment.

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25. The APT shows a surplus of £842,438 before the adjustments and transfers outlined in paragraphs 15 to 21 are considered. This is after applying the National Funding Formula rates and the minimum funding guarantee of 0.5% (the maximum allowed for 2023/24).

26. The schools affected by the PFI Factor would have their MFG reduced which mitigates the impact overall. If all adjustments and transfers are approved by the schools forum as recommended above this will result in a deficit of £224,793 as outlined in the table below

27.

	£	£
Surplus Before Adjustments		-£842,438
PFI Factor	£738,900	
Reduction in MFG	-£320,605	
Net adjustment PFI Factor		£418,295
Growing Schools		£462,936
<b>Deficit After Adjustments</b>		<b>£38,793</b>
Transfer to CSSB		£186,000
<b>Deficit After Adjustments and Block Transfer</b>		<b>£224,793</b>

28. A number of scenarios to manage the deficit have been modelled and the impact of these on the individual schools' allocations have been compared to the NFF allocation and adjustments for the PFI Factor and growing schools. It should be noted that this total allocation would show a deficit of £38,793 but nevertheless shows the impact of the modelled scenarios.

- Scenario 1 – MFG 0.5% and reduce AWPU on Secondary Schools only (AWPU reduced by £20.39)
- Scenario 2 – MFG 0.5% reduce AWPU on Primary Schools only (AWPU reduced by £14.23)
- Scenario 3 – MFG 0.5% reduce AWPU on all schools (AWPU reduced by £7.10 Primary Schools and £10.10 Secondary Schools)
- Scenario 4 – MFG 0.5% reduce AWPU on all schools (AWPU reduced by £3.07 Primary Schools and £6.30 Secondary Schools)
- Scenario 5 – MFG 0.5% reduce AWPU on all schools (AWPU reduced by £1.85 Primary Schools and £8.00 Secondary Schools)

29. The individual schools' allocations after applying these scenarios are shown in Appendix 2. It should be noted that the adjustment for the School Improvement and Brokering Grant (paragraphs 22-24) are applied to the maintained schools' allocations.

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30. The total amounts allocated to Primary and Secondary schools for each scenario are shown in the following table

Total Allocation by Phase					
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Primary	97,288,777	97,069,015	97,178,674	97,191,765	97,211,204
Secondary	82,970,249	83,189,971	83,080,272	83,067,139	83,047,286

31. The scenarios outlined are not exhaustive and the decisions made by the forum that differ to those modelled will have a further impact.

32. Last year a transfer of £103,000 to the CSSB was agreed and the following variations to the NFF; MFG 1.85% (max allowed was 2%), AWPU reduced by £3 Primary Schools and £5 Secondary Schools.

33. The APT is subject to agreement by the Department for Education, and in the event of any amendment SCC would like to request that Schools Forum agrees the principle by which a revision is allocated to balance the APT.

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# APPENDIX 1

## Central School Services Block – Statutory and Regulatory Duties Responsibilities held for all schools

### Statutory and regulatory duties:

- Director of children's services and personal staff for director (Sch 2, 15a)
- Planning for the education service as a whole (Sch 2, 15b)
- Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)
- Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)
- Formulation and review of local authority schools funding formula (Sch 2, 15d)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)
- Consultation costs relating to non-staffing issues (Sch 2, 19)
- Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)
- Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)
- Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)

### Education welfare

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)
- School attendance (Sch 2, 16)
- Responsibilities regarding the employment of children (Sch 2, 18)

### Asset management

- Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)
- General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)

### Other ongoing duties

- Licenses negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require school's forum approval
- Admissions (Sch 2, 9)
- Places in independent schools for non-SEN pupils (Sch 2, 10)
- Remission of boarding fees at maintained schools and academies (Sch 2, 11)
- Servicing of school's forums (Sch 2, 12)
- Back-pay for equal pay claims (Sch 2, 13)
- Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23)

### Historic commitments

- Capital expenditure funded from revenue (Sch 2, 1)
- Prudential borrowing costs (Sch 2, 2(a))
- Termination of employment costs (Sch 2, 2(b))
- Contribution to combined budgets (Sch 2, 2(c))



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## Responsibilities held for maintained schools only

### Statutory and regulatory duties

- Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 58)
- Budgeting and accounting functions relating to maintained schools (Sch 2, 74)
- Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 59)
  
- Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 60)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 61)
- Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 62)
- Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 63)
- Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 64)
- Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 77)
- HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 65); determination of conditions of service for non-teaching staff (Sch 2, 66); appointment or dismissal of employee functions (Sch 2, 66)
- Consultation costs relating to staffing (Sch 2, 68)
- Compliance with duties under Health and Safety at Work Act (Sch 2, 69)
- Provision of information to or at the request of the Crown relating to schools (Sch 2, 70)
- School companies (Sch 2, 71)
- Functions under the Equality Act 2010 (Sch 2, 72)
- Establish and maintaining computer systems, including data storage (Sch 2, 73)
- Appointment of governors and payment of governor expenses (Sch 2, 74)

### Education welfare

- Inspection of attendance registers (Sch 2, 80)

### Asset management

- General landlord duties for all maintained schools (Sch 2, 78a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:
  - appropriate facilities for pupils and staff (including medical and accommodation)
  - the ability to sustain appropriate loads
  - reasonable weather resistance
  - safe escape routes

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- appropriate acoustic levels
- lighting, heating and ventilation which meets the required standards
- adequate water supplies and drainage
- playing fields of the appropriate standards
- General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)
- Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)

## Central support services

- Clothing grants (Sch 2, 54)
- Provision of tuition in music, or on other music-related activities (Sch 2, 55)
- Visual, creative and performing arts (Sch 2, 56)
- Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 57)

## Premature retirement and redundancy

- Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 79)

## Monitoring national curriculum assessment

- Monitoring of National Curriculum assessments (Sch 2, 76)