

Report to:	SCHOOLS' FORUM
Date:	19 January 2023
Reporting Officer:	Tim Bowman – Director, Education (Tameside and Stockport) Caroline Barlow – Assistant Director, Finance
Subject:	DEDICATED SCHOOLS GRANT (DSG) FUNDING FORMULA 2023-24
Report Summary:	A report on the arrangements concerning the DSG funding for 2023-24.
Recommendations:	Schools' Forum are RECOMMENDED to: <ol style="list-style-type: none"> 1. Approve the suggested funding formula for mainstream schools, which is Option 3 as set out in Section 3. This continues with national funding formula rates, sets MFG at 0.5%, has no gains cap and allows a transfer of 0.345% to the High Needs Block. 2. Approve the growth fund as outlined in Section 3. 3. Approve the transfer from the Schools Block to High Needs Block as outlined in Section 3. 4. Members of the Primary and Secondary sectors are required to vote separately on the de-delegation of funding for Schools Contingency as outlined in Section 3. 5. Support schools' continued contribution to Tameside Safeguarding Children's Partnership as outlined in Section 3. 6. Approve the central retention of Early Years Funding as outlined in Section 5. 7. Approve the allocation of the Central Services Schools Block as outlined in Section 6.
Corporate Plan:	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial and policy framework
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure. This report sets out the proposed allocation basis for all Tameside schools for 2023-24. The allocation of the High Needs element of this grant is insufficient to meet current spending or growth in number of pupils requiring support. The Schools Forum and the Council must continue to look for savings to address the growing High Needs deficit and continue to update DfE with progress against the DSG deficit recovery plan.
Legal Implications:	The legal framework for school budgets is set out in sections 45-53 of the School Standards and Framework Act 1998 and accompanying regulations. The School and Early Years Finance

**(Authorised by the
Borough Solicitor)**

(England) Regulations 2014 provide the framework for the funding of maintained schools including how the local authority may allocate their schools budget.

The School and Early Years Finance Regulations 2014 gave effect to the decision to reform school funding through a simplified local formula with greater delegation to schools and new arrangements for funding pupils with high needs. In addition, the School and Early Years Finance Regulations set out the requirements for determining the 2023/2024 financial year.

The Department for Education and Skills Funding Agency has also issued Operational Guidance for local authorities relating to school and early years budget setting to support Council's compliance with the Regulations.

Risk Management:

The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.

There is insufficient funding allocated to the borough to meet the cost of Education in borough.

Access to Information:

NON-CONFIDENTIAL

This report does not contain information, which warrants its consideration in the absence of the Press or members of the public.

Background Information:

The background papers relating to this report can be inspected by contacting Caroline Barlow—Assistant Director of Finance, Financial Management, Governance, Resources and Pensions



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1. INTRODUCTION

- 1.1 This report sets out information on the allocation of the Dedicated Schools Grant (DSG) for 2023-24 and details of additional funding provided.
- 1.2 Section 2 is a summary of the DSG settlement from the DfE/ESFA.
- 1.3 Section 3 provides details of the Schools Block and the proposed funding formula for Mainstream Schools in Tameside in 2023-24.
- 1.4 Section 4 provides details of the outcome of consultation.
- 1.5 Section 5 provides details of the Early Years Block.
- 1.6 Section 6 provides details of the Central School Services Block (CSSB).
- 1.7 Please note details of the High Needs are included as a separate agenda item.

2. PROVISIONAL DSG SETTLEMENT FOR 2023-24

- 2.1 The provisional DSG settlement for Tameside for 2023-24 of £257.527m was received on 16 December 2022, with accompanying essential data released on 20 December 2022. All DSG funding must be deployed to schools and / or pupils in accordance with the School and Early Years Finance (England) Regulations 2023.
- 2.2 In addition to DSG, the government has announced it will invest an extra £2.3 billion per year in schools over the next two years. The actual increase to the education budget is £2 billion after an adjustment has been made to remove the element that related to the Health and Social Care Levy.
- 2.3 For Tameside, a Mainstream Schools Additional Grant (MSAG) for 2023-24 has been allocated totalling £6.915m. Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures. Additional funding of £1.636m has been allocated to support the High Needs Block.
- 2.4 Table 1 provides the breakdown of the provisional settlement for the four blocks within the DSG announced in December 2022, compared with the 2022-23 latest settlement figures.

TABLE 1 – DSG Settlement as at December 2022

DSG Blocks	2022-23 £000	2023-24 £000	Increase £000	% Increase	Additional Funding £000
Schools Block (includes Academies) *	196,372	201,052	4,680	2.38%	6,915
High Needs Block (before recoupment)	32,843	37,144	4,302	13.10%	1,636
Early Years Block	17,304	18,082	778	4.49%	
Central Services Block (CSSB)	1,182	1,249	67	5.66%	
Total Funding Including Growth	247,701	257,527	9,826	3.97%	8,550

Note: the table above includes roundings

* The 2022-23 allocation includes the School Supplementary Grant, which has been rolled into the 2023-24 DSG baselines. It should be noted Academy funding is recouped by the ESFA. The amount recouped by the ESFA is calculated using the formula set out in Section 3.

- 2.5 The Schools Block increase relates to an increase in DfE funding rates and an uplift for RPIX on PFI.
- 2.6 The High Needs block increase relates to an increase in pupil numbers and the per head gain Tameside is seeing as a result of the National Funding Formula. The gains cap is set at 7% for 2023-24, allowing Local Authority's (LAs) to see an increase up to this amount compared to the 2022-23 actual high needs allocation. The high needs block has nationally benefited from an additional £400m additional investment (referred to above). This results in an additional £1.636m allocated to Tameside meaning the overall increase to the high needs budget is £4.302m, 13.10% before recoupment. Further details are included in a separate agenda item.
- 2.7 The Early Years Block increase relates to an increase in the DfE funding rate rates and further details can be found in Section 5.
- 2.8 The CSSB increase relates to an increase an increase in the DfE funding rate, further information is provided in Section 6.

3. SCHOOLS BLOCK

- 3.1 The Schools Block is the largest element of DSG funding which provides the majority of funding for Mainstream Schools and Academies, with additional elements potentially being allocated through the Early Years and High Needs blocks. The schools block settlement from the DfE is made up of the following funding:
- A primary unit of funding (PUF) of £4,996.61
 - A secondary unit of funding (SUF) of £6,486.04
- 3.2 This core school funding covers funding for all pupil and school led factors in the funding formula. The PUF and SUF are multiplied by the pupil numbers in reception to year 6 plus pupils aged 4 to 10 not assigned to a year group for primary and pupils in years 7 to 11, plus pupils aged 11 to 15, not assigned to a year group for secondary.
- Premises – this includes PFI and business rates which are based on historical spend. Business rates are included in the LA allocation but will be top sliced from the DSG allocation and retained by the ESFA who will make payments to all LA's directly on behalf of Schools.
 - Growth – this is calculated using the difference between the primary and secondary numbers on roll on the October 2021 and October 2022 school censuses.

TABLE 2 – Schools Block Settlement from DfE

Element of Funding	Schools Block £000
Primary Funding (20,099.5 Pupils)	100,429
Secondary Funding (14,781 Pupils)	95,870
Premises	3,913
Growth	839
Total	201,052
Business Rates included within Schools Block	(2,003)
Total Allocation less Business Rates	199,048

Proposed Funding Formula for Mainstream Schools

- 3.3 The rates used for each sector to allocate the funding to each individual school are included at **Appendix A**.

- 3.4 The PFI funding continues to be delegated to the relevant schools. The delegated figures have been uplifted by RPIX of 11.2%, which reflects the increase in the unitary charge paid for the delivery of PFI services. This element of funding will be recovered by the LA in 2023-24 as in previous years.
- 3.5 Business Rates are funded to the equivalent value of the Business Rates charge for 2023-24. This funding is estimated and will be removed from Tameside's allocations and retained by the DfE who will pay this directly to Tameside MBC (the billing authority) on behalf of all Tameside Schools and Academies.
- 3.6 In 2023-24 LAs are able to set the Minimum Funding Guarantee (MFG) between +0% and +0.5% per pupil. A Gains Cap can be used, which is a limiting factor that limits the gain in pupil led funding per pupil that a School receives. This factor has been used in previous years to enable the LA to meet its statutory duty to set a balanced DSG budget.
- 3.7 The provisional figures from DfE indicated it would be affordable to:
- Continue to apply the 2023-24 national funding formula rates;
 - set the MFG protection at the highest rate of 0.5%;
 - remove the gains cap; and
 - still transfer 0.5% of the School Block Funding to the High Needs Block.
- 3.8 On receipt of the updated figures from DfE and with the updated data set (October 2022 census data) used to calculate the formula, the scenario in 3.7 above is not affordable within the funding allocation for the Schools Block as there is a shortfall of approximately £312k.
- 3.9 As set out in 3.1, the funding we are allocated as an LA is predominantly based on the PUF and SUF allocation. These rates are set prior to the data set (October 2022 census data) being updated, so do not take into account any changes in the data set. There has been a significant increase in the demand on funding within the Additional Education Needs (AEN) element of the funding formula. This includes FSM, FSM6, IDACI (deprivation factors), EAL, Low Prior Attainment and Mobility. Therefore, we have had to review how the formula could be affordable remaining as close as possible to the scenario we consulted schools on.
- 3.10 The options we have explored are as follows:
- **Option 1 – Include a gains cap to balance the budget:** There are 24 schools that would be affected by capping their gain, which would total approximately £315k. The cap would allow a gain up to 4.6% increase in funding. This assumes the MFG is set at 0.5% as stated in the consultation.
 - **Option 2 – Set the MFG at 0% and include a gains cap:** There are 7 schools who are in receipt of MFG and this would only save £34k which would be transferred to the gaining schools (of which 23 would be affected). To balance the budget there would need to be a cap of 4.7% (allowing an increase of funding up to 4.7%) which would total approximately £281k.
 - **Option 3 – Reduce the 0.5% transfer to the High Needs Block:** The 0.5% would provide £1.005m to support the High Needs Block. In order to balance the budget, keep MFG at 0.5% and have no cap on gains, the block transfer will need to reduce to 0.345%. This would provide support £694k to the High Needs Block.
- 3.11 Recognising the current financial climate and significant pressures on school budgets, the LA suggest that Schools' Forum approve Option 3 in setting the formula for 2023-24. There is significant pressure on High Needs, but all schools are facing increasing pressures. In adopting Option 3, support is still being given to High Needs and the gaining schools will receive the increased funding, which relates to the additional needs factors. Those schools with MFG also remain protected to the highest level.

Growth

- 3.12 There are 2 types of growth that are funded from the growth fund. Explicit Growth and Implicit Growth.
- Explicit growth relates to the specific growth fund and is allocated based on the growth criteria agreed by Schools Forum.
 - Implicit growth relates to adjustments to pupil numbers when calculating the funding; in this case for new and growing schools.
- 3.13 The policy for accessing the growth fund was agreed by Schools' Forum in June 2019 and continues to be the method for allocating explicit growth.
- 3.14 The estimated Growth Fund required in 2023-24 is £274k and detail of this is included in Table 3. There is no implicit growth in 2023-24 as the new schools now have all year groups. The final growth allocation will be based on actual numbers, which will be taken from the October 2023 census.

TABLE 3 – Explicit Growth

School	£000
Milton St John's CofE Primary School	14
St. Thomas More RC College	42
All Saints Catholic College	84
Audenshaw School	84
Droylsden Academy	42
Unallocated Growth	10
Total	274

De-delegation - Contingency

- 3.15 The contingency budget has been established to support those schools facing a deficit budget position or to support the DSG against any future pressures where schools are closing or are forced to convert to academy leaving a deficit balance, as this would need to be funded from DSG. It should be noted that a deficit balance transfers to the Academy Trust where the transfer to Academy is through a convertor route, i.e. the School chooses via an Academy order to convert to an Academy. The balance remains a DSG issue where conversion is forced as part of a Sponsored Academy conversion route required by the Secretary of State.
- 3.16 Where a school is in deficit or facing deficit in the next financial year they will be subject to a review in line with the School Deficit process as outlined within the Tameside Scheme Financing, the LA will work very closely with the school and its Governors to manage the deficit and ensure action is taken to address it
- 3.17 It is also anticipated that schools struggling to manage deficits where financial issues are beyond the control or influence of the Head teacher could apply. This would be exceptional circumstances, and where significant action had already been taken to bring the plan back into balance and where further cuts are likely to impact on the attainment of the pupils in the school.
- 3.18 Alongside this, support will be provided to schools closing with deficit balances to minimise the impact and potential pressure on the DSG.
- 3.19 The de-delegation rate for Contingency for 2023-24 remains at £5.81 per pupil. Agreement is sought from both the Primary and Secondary sectors to de-delegate in 2023-24. Should both sectors choose to contribute, based on the October 2022 census data, this would result in the following contribution to Contingency:

- Mainstream Primary Maintained Schools - £65k
- Mainstream Secondary Maintained Schools - £35k

3.20 There have been no requests made to the contingency fund during 2022-23. The fund will be carried forward into 2023-24 less any approvals that may be agreed before year-end.

3.21 The balances in contingency are as outlined in the table below.

TABLE 4 – Contingency Contributions

School	Primary £000	Secondary £000	Total £000
Balance at 31.03.2022	67	99	166
2022-23 De-delegations		34	34
Total	67	133	200

Safeguarding

3.22 As in previous financial years Schools are asked to support safeguarding in the borough, by agreeing to make a contribution of £3.03 per pupil towards the cost of the TSCP (Tameside Safeguarding Children Partnership). All schools are asked support the continuation of this arrangement in 2023-24. This equates to approximately £106k.

Risk Protection Arrangement (RPA)

3.23 Where schools have opted into this arrangement in 2022-23, the membership will continue on an ongoing basis. Should a school choose to opt out of the arrangement they would need to make their own risk protection arrangements. The cost of RPA for 2023-24 is £23 per pupil. The LA will continue to treat this in the same way as de-delegation items and recover the cost from the relevant schools on this basis as the DfE recover this funding from the DSG. It should be noted that nursery numbers are included to calculate the charge for the primary sector (where relevant).

Additional Funding

3.24 As stated at 2.3 of this report, the DfE have announced a Mainstream Schools Additional Grant. This will be paid as a separate grant for 2023-24 and it is the DfE's intention for this to be rolled into the DSG baseline allocation from 2024-25.

3.25 The allocation will be based on the October 2022 census. The basis of allocating this funding is as follows;

- basic per pupil rate for pupils (reception through to year 11), £119 for primary, £168 for key stage 3 and £190 for key stage 4
- a lump sum of £4,510 per school
- a rate for FSM6 (£104 per eligible primary pupil and £152 per eligible secondary pupil)

The school level allocations for 2023-24 will be published in May 2023.

4. OUTCOME OF THE SCHOOLS FUNDING CONSULTATION

4.1 In line with funding regulation requirements consultation has been carried out with all schools and Academies in Tameside with regards to the funding for 2023-24.

4.2 At the 27 September 2022 meeting, Schools' Forum agreed in principle to support a 0.5% transfer from the Schools Block to the High Needs Block in 2023-24, subject to affordability.

4.3 Consultation took place with all Schools and Academies between 12 December and 4 January. The consultation was carried out via survey monkey, and shared with all schools. Governor Services also shared the consultation with Chairs of Governors.

- 4.4 The consultation advised the allocation basis for the Schools Block funding continues to be based on the national funding formula. Based on the provisional LA allocation the MFG would be set at the highest rate of 0.5%, there would be no gains cap and the 0.5% transfer to the High Needs block was affordable on this basis. Schools were asked: Do you support a 0.5% transfer from the Schools Block to the High Needs Block (as agreed in principle with Schools Forum).
- 4.5 There were 18 responses received in total but there were duplicate responses received for two schools, which have been removed. 56% (9 respondents) support the 0.5% transfer and 44% (7 respondents after removing duplicates) do not support the 0.5% transfer.
- 4.6 Schools Forum are asked to note the outcome of consultation when making the schools block transfer decision.

5. EARLY YEARS BLOCK

- 5.1 Table 5 provides the current funding settlement for Early Years for 2022-23 and 2023-24. The settlement is based on the Schools, Early Years and Alternative Provision censuses data from January 2022. The 2023-24 information will be updated based on January 2023 census data.

TABLE 5 – Early Years Funding

Early Years Funding Streams	2022-23 Early Years Allocation at Nov 2022 £000	2023-24 Provisional Early Years Allocation £000	Increase / (Decrease) in Funding £000
3 & 4 Year Old Universal Entitlement	9,618	10,097	479
3 & 4 Year Old Extended Entitlement	4,506	4,730	224
2 Year Old Entitlement	2,888	2,919	31
Early Years Pupil Premium (EYPP)	198	204	7
Disability Access Fund (DAF)	94	132	37
Total	17,304	18,082	778

- 5.2 The increase in funding across all Early Years streams is due to an increase in the funding rates.
- 5.3 The rate the LA is funded on for 3 and 4 year olds has increased by £0.24 from £4.82 to £5.06 and by £0.06 for 2 year olds from £5.67 to £5.73. The increase in 3 & 4 year rate includes the rolling in of the teachers pay and pension grant which was paid as a separate grant in 2022-23 and prior years to Schools. This will be reviewed as part of the consultation as to the best way to allocate this.
- 5.4 The allocation rate for DAF has increased by £28 from £800 to £828. The allocation rate for EYPP has increased by £0.02 from £0.60 to £0.62 per hour per eligible pupil up to a maximum of 570 hours.
- 5.5 Consultation will need to be held with Early Years providers regarding the increased rates and therefore an additional Schools Forum meeting will be required to agree the rates of allocation for this element of funding. A report will be completed for this additional meeting proposed for 14 March 2023 with further information on the funding arrangements for the LA and for providers.

- 5.6 Approval is sought to centrally retain 5% (in line with the operational guidance) of 3 & 4 Year Old funding (£741k based on the current settlement) and £0.14 per hour (as a minimum) of 2 Year Old funding (£71k based in the current settlement).
- 5.7 The centrally retained funding will continue to support:
- Early Education Funding Team – This fully supports the administration of Early Years funding, the annual costs associated with the Servelec IT system which is used to calculate and process the payments to Schools and Private, Voluntary and Independent providers.
 - Family Information Services – This supports an Information Officer. This post provides advice, guidance and information to families wishing to access Children's services and was implemented to support the increased demands from the early years extended provision.
 - Early Years Quality Improvement Team – This currently supports 5 Quality Officers which includes specialist SEND Quality Officers and will support a School Advisor for Early Years. Support is primarily in relation to: signposting and promoting the standard 15 hours offer and extended 30 hours offer; OFSTED regulations and standards; practice development and training; safeguarding; and Special Educational Needs and Disabilities related support. The focus of the team going forward is now weighted heavily towards SEND and language development.
 - SEN Team – funding support for an Early Years SEN Caseworker as specific support for SEN in early years.
 - Social Emotional and Mental Health service – funding support for an Early Year Co-ordinator as specific support in early years.
 - Sensory Support – funding support for a Hearing Impaired Teacher as specific support for Early Years.
 - Making it REAL (Raising Early Achievement in Literacy). This is aimed at supporting practitioners to build parents' knowledge and confidence so that they can support their children with early language and reading and writing and create a positive early home learning environment. This programme is evidence-based and has been very successful in Oldham at raising GLD. We have run test cohorts in eight primary schools in Tameside and have rolled out the programme to 12 settings and three further schools for the 2021-22 academic year. The funding will be used to bring PVIs and more school nurseries on board with Making it REAL.
- 5.8 A detailed paper with proposed funding rates, SEN Inclusion Fund and outcome of consultation will be presented at the proposed 14 March 2023 meeting.

6. CENTRAL SCHOOL SERVICES BLOCK (CSSB)

- 6.1 The Central School Services Block to fund statutory duties the LA undertakes for both maintained schools and academies. The CSSB brings together:
- Funding previously allocated through the retained duties element of the Education Services Grant (ESG)
 - Funding for ongoing central functions such as admissions which were previously top sliced from the schools block
 - Residual funding for historic commitments of which there are none for Tameside MBC
- 6.2 The total allocation to the LA for 2023-24 is £1.249m. This is based on a per pupil element of £35.81 for ongoing duties (i.e. Admissions, Schools Forum, Copyright Licenses, former ESG duties).
- 6.3 National Copyright School Licenses are also funded from this block and the amount for 2023-24 is £209k.

- 6.4 The DSG operational guidance for 2023-24 requires the LA to formally request Schools Forum approval for the central retention of funding for the following:
- School Admissions
 - Servicing of Schools Forum
 - Contribution to responsibilities that LAs hold for all schools (formally the retained duties element of the ESG)
- 6.5 The budgets for the above are still being worked on but the costs overall are currently estimated in excess of £1.2m. There is £1.040m available to support these costs, which Schools' Forum is requested to approve.

7. CONCLUSIONS

- 7.1 The LA suggested funding formula for mainstream schools would allow a transfer of 0.38% to the High Needs Block from the Schools Block whilst allocating funding using the national funding formula rates with an MFG of 0.5% and no gains cap.
- 7.2 Government are providing additional funding which Schools will have the flexibility to use to best support the needs of their pupils and staff and address cost pressures.
- 7.3 Early Years funding rates have increased and consultation with providers will take place to determine how the increase will be distributed.
- 7.4 Central Services Grant has marginally increased however the cost of these service has also increased.

8. RECOMMENDATIONS

- 8.1 As set out at the front of the report.

APPENDIX A

Rates for the Mainstream Funding Formula	Rates for Primary Sector 2023-24 £	Rates for Secondary Sector 2023-24 £
Basic Entitlement (AWPU)		
Primary	3,394	
Secondary - KS3		4,785
Secondary - KS4		5,393
Deprivation		
FSM	480	480
FSM6	705	1,030
IDACI band F	230	335
IDACI band E	280	445
IDACI band D	440	620
IDACI band C	480	680
IDACI band B	510	730
IDACI band A	670	930
English as an Additional Language (EAL)	580	1,565
Low Prior Attainment	1,155	1,750
Mobility	945	1,360
Minimum Funding Level	4,405	5,715
Lump Sum	128,000	128,000