

Schools Forum

16 January 2023

Dedicated School Grant Allocations and Draft School Budgets
2023/24

This report is for approval

1. Recommendations:

That Schools Forum members:

- 1.1 Note the contents of the report
- 1.2 Note the announcement of the Mainstream Schools Additional Grant - MSAG
- 1.3 Note the update on the EAL factor
- 1.4 Note 2023/24 Schools Block Allocation
- 1.5 Approve the Capping and Scaling limits

2. Purpose

- 2.1 To inform Schools Forum members of the funding allocations for the Dedicated Schools Grant (DSG) and the draft school budget information for 2023/24 in accordance with recommendations and decisions voted at the last schools forum meeting (12th December 2022). The budget information may change, subject to approval from the Department of Education (DfE) and/or decisions that will be taken at Cabinet on 18th January 2023.

3. Links to School Improvement Priorities

- 3.1 The report allows school governing bodies and academy boards to start their financial planning for 2023/24 and to make appropriate structural and educational adjustments to meet the needs of young people within the constraints of their resource allocations.

4. Report Details

DSG Allocations 2023/24

4.1 The Department for Education (DfE) have announced the DSG allocations for 2023/24 and the table below details the allocations by block.

DSG Block	Allocation prior to Adjustments	Adjustments	Allocation after adjustments
	£m	£m	£m
Schools Block	325.898	(2.716)	323.182
Central School Services	2.306	0	2.306
High Needs	71.519	(3.782)	67.737
Early Years	25.823	0	25.823
Total	425.546	(6.498)	419.048

4.2 In addition to the main DSG, the government also announced additional DSG allocation of £11.021m (called Mainstream Schools Additional Grant - MSAG)¹ payable to mainstream schools. This replaces the School Supplementary Grant paid to schools in 2022/23. The distribution methodology and schools level allocation will be announced in May 2023.

4.3 A comparison of the funding and the pupils from 2022/23 to 2023/24 is shown below:

DSG Block (After Adjustments)	2022/23	2023/24
Schools Block allocation	£305.502m	£323.182
Pupil Numbers	56,025	56,462
Central Schools Services Block	£2.249m	£2.306m

¹ <https://www.gov.uk/government/publications/mainstream-schools-additional-grant-2023-to-2024/mainstream-schools-additional-grant-2023-to-2024-methodology>

IL0 - UNCLASSIFIED

High Needs Block allocation	£58.137m	£67.737
Pupil Numbers in special school	832	884
Early Years Block allocation	£23.387m	£25.823m
3 & 4 Year old Universal PTE	5,524	5,517
3 & 4 Year old – Additional15 Hours PTE	1,592	1,667
2 Year old PTE	1,168	1,331
Early Years Pupil Premium (This funding is included within the “Early Years Allocation above”)	£0.308m	£0.339m

4.4 The DfE has agreements with the following agencies to purchase a single national licence managed by the DfE for all state funded schools in England. This is included in the Central Schools Services Block.

- Christian Copyright Licensing International (CCLI)
- Copyright Licensing Agency (CLA)
- Education Recording Agency (ERA)
- Public Video Screening Licence - Filmbank Distributors Ltd. (PVSL)
- Mechanical Copyright Protection Society (MCPS)
- Motion Picture Licensing Company (MPLC)
- Newspaper Licensing Authority (NLA)
- Performing Rights Society (PRS)
- Phonographic Performance Limited (PPL)
- Schools Printed Music Licence (SPML)

4.5 The arrangement covers academies as well as maintained schools and the ESFA deduct the charge from the DSG. We are still awaiting the figure for 2023/24 but the 2022/23 deduction for Sandwell is £0.284m (excluding VAT)

4.6 The 2023/24 Early Years Block allocations are indicative, and based on Schools, Early Years and Alternative Provision censuses data from January 2022. The final allocations for each of these funding streams will be based on five-twelfths of the January 2023 census numbers plus seven-twelfths of the January 2024 census numbers.

- 4.7 The High needs block allocations are provisional figures and will be updated in the year. The import/export adjustment will be updated in the summer term 2023 to reflect the latest data from the January 2023 schools census and the RO6 of the 2022 to 2023 Individual Learner Record (ILR). The DfE will make further adjustments in April 2023 to the place funding deductions for the academic year 2023 to 2024 to reflect the outcome of the 2023 to 2024 place change notifications process and to reflect further academy conversions.

Schools Budgets 2023/24

- 4.8 The Schools Block funding that has been distributed through the main funding formula is £321,063,416. This has been calculated as follows:

Description	£
Schools Block DSG	325,898,910
Less NNDR	(2,716,494)
Less Pupil Number Growth Contingency	(1,664,000)
Less Transfer from Schools Block to Central Schools Services Block	(455,000)
Schools Block DSG Available to Distribute	321,063,416

- 4.9 The school funding model has to be submitted to meet the DfE deadline of 20th January 2023 for review and final confirmation of the budgets.

Proposed Formula

- 4.10 During the consultation there was a perceived issue regarding the EAL factor and clarification has since been sought from the DfE. Their response was as follows:

“In addition to having to move 10% closer to the NFF you are also required to use each of the factors used in the NFF. This includes EAL3. As you used EAL2 last year we adjust the per pupil rate to 2/3 of the amount used before applying the 10% tightening. This is to reflect the additional pupils that will be funded as a result of

ILO - UNCLASSIFIED

moving from EAL2 to EAL3. This is covered in chapter 10 of the operational guide.”

- 4.11 This means that from a school’s perspective we will be funding eligible pupils at a lower rate but funding more eligible pupils.
- 4.12 The table below lists the factor rates for the local authority formula to be applied to school’s budgets for 2023/24. Rates may change subject to decisions by the DfE and or the Cabinet meeting to be held on 18th January 2023.

Factor	2023-24
Primary basic entitlement	3,661.82
KS3 basic entitlement	5,184.44
KS4 basic entitlement	5,274.34
Primary FSM	216.20
Secondary FSM	216.20
Primary FSM6	319.49
Secondary FSM6	587.35
Primary IDACI F	32.11
Primary IDACI E	106.43
Primary IDACI D	498.71
Primary IDACI C	562.12
Primary IDACI B	611.03
Primary IDACI A	661.32
Secondary IDACI F	47.16
Secondary IDACI E	377.71
Secondary IDACI D	693.19
Secondary IDACI C	789.22
Secondary IDACI B	869.84
Secondary IDACI A	939.44
Primary EAL3	579.34
Secondary EAL3	924.84
Primary LPA	1,240.97
Secondary LPA	1,810.11
Primary mobility	112.88
Secondary mobility	163.55
Primary lump sum	135,044.95
Secondary lump sum	135,044.95

Capping and Scaling (C&S)

- 4.13 The DFE allows overall gains for individual schools to be capped as well as scaled back to ensure that local formulae are affordable. This methodology is new to Sandwell as we move closer to the NFF and it was found that our local formula was unaffordable and so capping and scaling needs to be applied.

C&S Background

- 4.14 Local authorities can cap any gains schools receive through the 2023 to 2024 local formula and will be applied on the same basis to all schools.
- 4.15 The DFE applies caps and scales to academy budgets on the same basis as for maintained schools, although the values may differ from those shown in the APT since the actual baseline position for the academy may not be the same as that shown in the APT dataset.
- 4.16 C&S factors must not be applied to schools that have opened in the last 7 years and have not reached their full number of year groups. This definition of new and growing schools does not include existing schools that are extending to include a new phase and have empty year groups in the new phase.
- 4.17 C&S cannot take a school below the Minimum Per Pupil Levels (MPPLs). Should local authorities elect to apply a gains cap in 2023/24, the cap must be set at least as high as the MFG threshold. This ensures all schools retain any gains up to the MFG threshold even where a cap is applied.

Decision

- 4.18 The schools forums therefore need, as part of their formula modelling, to decide how to limit gains. This remains a local decision and 2 affordable scenarios have been modelled for the forum decision but there can be a variation to this after considering the explanation at 4.20 below.
- 4.19 Scenario 1 – cap school gains at 1.41% and scale at 49.5% or
Scenario 2 – cap school gains at 1.51% and scale at 53% or
Scenario 3 – any other mixture of C & S that delivers an affordable Schools Budget.

- 4.20 The higher the level of capping, the more the number of schools that will gain but the more severe the level of scaling to ensure the Schools Block is affordable.
- 4.21 The impact of capping and scaling can be demonstrated to Schools Forum members in real-time on the screen.

5. **Recommendations**

That Schools Forum members

- 5.1 Note the DSG Allocations for 2023/24 and the content of the draft school budgets 2023/24 which is based on the principles as voted for at schools' forum. These allocations may change, subject to approval by the DfE and/or decisions taken at Cabinet on 18th January 2023.
- 5.2 Note the announcement of the Mainstream Schools Additional Grant - MSAG
- 5.3 Note the update on the EAL factor.
- 5.4 Approve either Scenario 1 or 2 (or any other combination) of the capping and scaling exercise that delivers an affordable Schools Block budget.
- 5.5 Note the final funding model will be submitted to the Department for Education to meet the final deadline date of 20th January 2023 and the authority should receive confirmation of the budgets shortly thereafter. At this point, the LA will be in a position to distribute budget to all schools.

Elaine Taylor
Finance Business Partner – Childrens Services

Date: 09/01/2023