

DARLINGTON SCHOOLS FORUM16th January 2023**ITEM NO 5****BUDGET SETTING 2023/24****Purpose of Report**

1. To agree the use of the Dedicated Schools Grant (DSG) in 2023/24.

Background

2. DSG is paid in four funding blocks, following the introduction of the National Funding Formula (NFF).
3. The schools block is ring fenced to the school budget share/growth fund, except for the ability to transfer 0.5% of the total value to another funding block with School Forum agreement.

Funding for 2023/24

4. Darlington received their DSG allocation on the 16th December as follows,

Block	Allocation £	Note
School Block	£80,831,928	This is the allocation before recoupment but after deduction for non-domestic rates of £513,920
Central Schools Block	£956,416	Reduction of £87,542 from 2022/23
Early Years Block	£7,807,889	This allocation will be updated for the January 2022 & January 2023 census
High Needs	£20,103,191	This figure is provisional and will be updated for the place change notifications/ import/export adjustments This figure is before place funding recoupment which is taken at source by ESFA -Direct placement funding of £4,366,000 – the high needs budget setting document will be brought to the March Forum once the position on the safety programme has been confirmed.
TOTAL	£109,699,424	

Schools Block

5. Schools block is calculated by Education, Skills Funding Agency (ESFA) using the NFF based upon the October 2022 census data. Details of the use of the schools block, the school budget share calculation and the proposed growth fund are included in **agenda item 4**.

NB. This report was written prior to the outcome of the consultation using the full NFF rates, if the outcome of the consultation agrees to a full 0.5% transfer to the high needs block, the budget shares to schools will be altered as per the previously circulated report.

6. There is a surplus of £169,323.54 and it is proposed that this is transferred to the High Needs block to support the Safety Value work in line with the received consultation responses.

Mainstream Schools Additional Grant 2023/24

7. Additional funding has been announced for 2023/24 and will be distributed separately from the NFF rates. School funding levels are anticipated to follow in May 2023, the latest information from the DfE states that the funding will be rolled in the NFF rates from 2024/25.

Early Years Block

8. The provisional early years block allocation is made up as follows

Area	Allocation £	Note
Universal 3&4 Year old	£4,241,135	Funded by DfE @ £4.97 per hour
Extended 30 hours 3&4 Year old	£2,057,592	Funded by DfE @ £4.97 per hour
2 Year old	£1,089,907	Funded by DfE @ £5.63 per hour
Early Years Pupil Premium	£97,892	Funded by DfE @ £0.62 per hour
Disability Access Funding	£38,916	Funded by DfE @ £828 per child
Maintained Nursery Lump Sum	£282,447	Funding for two schools
TOTAL	£7,807,889	

9. As Forum will be aware the early years allocation is updated throughout the year based upon the January census, therefore the allocation provided is provisional at this stage. The Early Years block will be updated for the January 2023 and 2024 census.
10. The final allocation for the early years block will not be known until June/July 2024.
11. As Forum will be aware the hourly rate funding received must cover all the elements of the Early Years Funding Formula as follows,

- a. The hourly rate
 - b. Mandatory deprivation supplements
 - c. Mandatory SEN inclusion funding
 - d. Centrally held funding
 - e. Other supplements (Darlington does not use any non-mandatory supplements)
12. The provisional early years block allocation has an increase of 22p per hour for 3&4 year-olds universal and extended entitlement of which 9p relates to the rolling in of the Teachers Pay and Pension grant and 13p is the inflationary uplift. The 2 year old hourly rate has increased by 6p per hour. It is proposed that both the inflationary increases will be fully passported to early years providers from April 2023 i.e 13p for 3&4 year olds and 6p for 2 year olds. Further work will be done to review the Teachers Pay and Pension funding and this will be brought to the March forum, once further information has been received from the DFE.
 13. The Disability Access Fund has increased by £28 per pupil and the Early Years Pupil Premium rates received in the early years block have increased by 2p and are proposed to be fully passported to the early years providers in April 2023.
 14. It is proposed that the SEN inclusion fund for 2023/24 be set at £220,000 a slight increase from 2022/23 to reflect the increased number of referrals.
 15. No increase is proposed in the £113,754 of funding held centrally.
 16. The following table shows the provisional funding formula funding rates for 2023/24.

Provision	2022/23 Actual Rate	2023/24 Proposed Rate	Change
<u>3 & 4 Year Old Children</u>			
Nursery School – Per hour per child	£4.48	£4.61	£0.13
School Nursery Class – Per hour per child	£4.48	£4.61	£0.13
Private, Voluntary & Independent Sector – Per hour, per child	£4.48	£4.61	£0.13
Deprivation – Top 10% most deprived post codes – Per term, per child	£50	£50	£0.00
Deprivation – 11 - 20% most deprived post codes – Per term, per child	£25	£25	£0.00
Deprivation – 21 - 30% most deprived post codes – Per term, per child	£12.50	£12.50	£0.00
<u>2 Year Old Children</u>			
All Providers – Per hour per child	£5.57	£5.63	£0.06
<u>Early Years Pupil Premium</u>			
All Providers – Per hour per child	£0.60	£0.62	£0.02

<u>Disability Access Fund</u>	£800.00	£828.00	£28.00
<u>Central Early Years Team*</u>	£113,754	£113,754	£0.00
<u>Maintained Nursery School Lump Sum**</u>	£200,070	£282,447	£82,377

*This represents less than 2% of the total funding. DfE rules stipulate a maximum of 5% can be held centrally

** Lumps sums as per the 2022/23 allocation, which is subject to change.

Central School Block

17. The central schools block allocation is split into two areas by ESFA. The first element is the amount of central funding that is allocated to Darlington through the per pupil funding formula. The second element is the “historic commitments”, which was added to the central schools block by ESFA in recognition of existing commitments to services procured centrally.
18. For 2023/24 the central schools block allocation is made up of £558,284 formula based and £398,132 historic commitments, in total the allocation is £956,416.
19. The historic element of the block has decreased by 20% as expected. This is a decrease of £99,532 on the 2022/23 allocation. Rules concerning the use of historic commitments, prevent new areas of expenditure being made from this budget or any increases in expenditure. We have seen lower spending over the past few years within Early Career Teachers and this budget is proposed to be set at £50,000 to accommodate the overall reduction in the historic element of the block.
20. There is £18,874 unallocated from the formula-based area and along with the £46,126 unallocated from the historic block, this gives a total of £65,000, therefore it is proposed that the balance of funding in the central block be transferred as a one-off transfer to the high needs block to support the Safety Valve work and contribute to the reduction in the high needs block deficit.
21. As Forum members will recall from last year there is a requirement to consult with School Forum on the proposed use of the central schools block. Attached at **appendix 3** are the proposed budgets allocated under the central schools block for 2023/24
22. The areas of expenditure proposed to be funded under the formula- based element of the central school block are the same in 2023/24 as in 2022/23.
23. The copyright license fee is top sliced by ESFA from the DSG allocation and is set in line with the cost of contracts held centrally by ESFA. ESFA have notified that the copyright fee charged to Darlington will be £91,043 for 2023/24, which has increased by £8,897.

High Needs Block

24. The high needs block is calculated by ESFA on a formula basis. The allocation received includes an adjustment for export/import places between authorities, however the current allocation received is based upon 2022/23 pupil numbers. Therefore, the high needs allocation will be updated during the year for the 2023/24 pupil numbers.
25. The allocation received for 2023/24 is £20,103,191 this includes £4,366,000 of place funding for academies and post 16 colleges which will be topped sliced at source by ESFA. This overall allocation has increased by £1,864,705 and includes £785,407 of additional high needs funding.
26. As Forum members are aware there are significant pressures against the high needs budget allocation due to the demand for high needs support.
27. The high needs block budget for 2023/24 will be brought to the March forum once the Authorities position within the Safety Valve programme is determined.

Recommendations

28. That Forum notes the budget allocations for 2023/24 from ESFA.
29. That Forum notes the proposed early years funding rates for 2023/24 and agrees the central allocation.
30. That Forum agrees to the proposed usage of the central schools block in 2023/24
31. Forum agrees that the £169,323.54 surplus in the school budget share be transferred to the high needs block towards the deficit.
32. Forum agrees that the £65,000 unallocated funds in the Central Schools block be transferred to the High needs block towards the deficit.

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