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# NOTICE OF MEETING

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## **CABINET MEMBER FOR CHILDREN, FAMILIES AND EDUCATION**

**THURSDAY, 15 DECEMBER 2022 AT 11.30 AM**

## **COUNCIL CHAMBER - THE GUILDHALL, PORTSMOUTH**

Telephone enquiries to Karen Martin, Tel: 023 9284 1704

Email: [democratic@portsmouthcc.gov.uk](mailto:democratic@portsmouthcc.gov.uk)

If any member of the public wishing to attend the meeting has access requirements, please notify the contact named above.

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## **CABINET MEMBER FOR CHILDREN, FAMILIES AND EDUCATION**

Councillor Suzy Horton (Liberal Democrat)

### **Group Spokespersons**

Councillor Terry Norton, Conservative

Councillor Tom Coles, Labour

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### **Public health guidance for staff and the public due to Winter coughs, colds and viruses, including Covid-19**

- Following the government announcement 'Living with Covid-19' made on 21 February and the end of universal free testing from 1 April, attendees are no longer required to undertake any asymptomatic/ lateral flow test within 48 hours of the meeting; however, we still encourage attendees to follow the public health precautions we have followed over the last two years to protect themselves and others including vaccination and taking a lateral flow test should they wish.
- We strongly recommend that attendees should be double vaccinated and have received any boosters they are eligible for.
- If unwell we encourage you not to attend the meeting but to stay at home. Updated government guidance from 1 April advises people with a respiratory infection, a high temperature and who feel unwell, to stay at home and avoid contact with other people, until they feel well enough to resume normal activities and they no longer have a high temperature. From 1 April, anyone with a positive Covid-19 test result is still being advised to follow this guidance for five days, which is the period when you are most infectious.
- We encourage all attendees to wear a face covering while moving around crowded areas of the Guildhall.
- Although not a legal requirement, attendees are strongly encouraged to keep a social distance and take opportunities to prevent the spread of infection by following the 'hands, face, space' and 'catch it, kill it, bin it' advice that protects us from coughs, colds and winter viruses, including Covid-19.
- Hand sanitiser is provided at the entrance and throughout the Guildhall. All attendees are encouraged to make use of hand sanitiser on entry to the Guildhall.

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- Those not participating in the meeting and wish to view proceedings are encouraged to do so remotely via the livestream link.

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

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**Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.**

## **A G E N D A**

- 1 Apologies**
- 2 Declarations of Members' Interests**
- 3 Closure of the Inclusion Centre at Portsdown Primary School (Pages 5 - 10)**

### Purpose of report

This report sets out the responses from the pre-statutory consultation on a proposal to close the Inclusion Centre at Portsdown Primary School. The consultation was run between 15th October and 15th November 2021.

In light of the responses to the consultation, approval is sought to undertake the statutory process to close the Inclusion Centre at Portsdown Primary School.

### **RECOMMENDED that the Cabinet Member:**

- 1) Considers the responses from the pre-statutory consultation on the proposal to close the Inclusion Centre at Portsdown Primary School.**
- 2) Authorises the Director of Children, Families and Education to proceed to the publication and representation stages of the statutory proposal to close the Inclusion Centre at Portsdown Primary School.**
- 4 Dedicated Schools Grant 2022-23 Quarter 2 Budget Monitoring (Pages 11 - 16)**

### Purpose of report

The purpose of this report is to inform the Cabinet Member of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2022-23 as at the end of September 2022.

**RECOMMENDED** that the Cabinet Member notes the forecast year end budget position for the Dedicated Schools Grant as at 30 September 2022, together with the associated explanations contained within this report.

**5 Children, Families and Education Portfolio 2022-23 Quarter 2 Budget Monitoring (Pages 17 - 24)**

Purpose of report

To inform the Cabinet Member of the projected revenue expenditure within the portfolio cash limit and the Capital Programme for the current financial year 2022/23. This report sets out the budget position and contributing factors to the projected spend within the portfolio as at the end of September 2022.

**RECOMMENDED** that:

- 1) The Cabinet Member notes the Children, Families and Education Portfolio forecast revenue and capital budget positions, as at the end of September 2022, together with the variance and pressure explanations.
- 2) In consultation with the Cabinet Member, Directors continue to develop a savings plan which will eliminate the overspend currently being forecast, progress against which is monitored by the Cabinet Member and the Director of Finance on a regular basis.

**6 School Funding Arrangements 2023-24 (Pages 25 - 52)**

Purpose of report

The purpose of this report is to provide the Cabinet Member with an update on the latest developments in respect of the future schools' revenue funding arrangements for the financial year 2023-24.

**RECOMMENDED** that the Cabinet Member:

- 1) Notes the Department for Education's proposed changes to school revenue funding arrangements for 2023-24, as set out in this report.
- 2) Approves the proposals for implementing the local funding formula arrangements as set out in this report in particular to:
  - a) Implement the National Funding Formula rates for both primary and secondary schools in 2023-24 as set out in Appendix 1.
  - b) Implement a minimum funding guarantee (MFG) of at least 0.0% and up to +0.5% subject to affordability, for 2023-24 as set

- out in paragraph 5.13 of the report.**
- c) The method of managing affordability as set out in paragraphs 5.14 to 5.18 of the report.**

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# Agenda Item 3



**Title of meeting:** Cabinet Member for Children, Families and Education

**Date of meeting:** 15<sup>th</sup> December 2022

**Subject:** Closure of the Inclusion Centre at Portsdown Primary School

**Report by:** Sarah Daly, Director of Children, Families and Education

**Wards affected:** Paulsgrove

**Key decision:** No

**Full Council decision:** No

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## **1. Purpose of report**

- 1.1 This report sets out the responses from the pre-statutory consultation on a proposal to close the Inclusion Centre at Portsdown Primary School. The consultation was run between 15<sup>th</sup> October and 15<sup>th</sup> November 2021.
- 1.2 In light of the responses to the consultation, approval is sought to undertake the statutory process to close the Inclusion Centre at Portsdown Primary School.

## **2. Recommendations**

### **2.1 It is recommended that the Cabinet Member:**

- **Considers the responses from the pre-statutory consultation on the proposal to close the Inclusion Centre at Portsdown Primary School**
- **Authorises the Director of Children, Families and Education to proceed to the publication and representation stages of the statutory proposal to close the Inclusion Centre at Portsdown Primary School.**

## **3. Background**

- 3.1 Portsdown Primary school is a 2-form entry community maintained primary school in Portsmouth. The school has housed a small 9 place (single class) Inclusion Centre for a number of years for pupils with an Education Health and Care Plan identifying communication and interaction as the primary area of need.

- 3.2 The Inclusion Centre has provided a good standard of education with Ofsted concluding in 2018 that "The inclusion centre is managed very well. It provides effective specialist support for pupils who find difficulty in communicating and interacting". As the needs of the pupils placed in the Inclusion Centre have become more complex it has become harder for this single class centre to provide the highly individualised education that the pupils require. It has proved increasingly difficult to effectively provide peer grouping and progression within a single class Centre which caters for children through key stages 1 and 2 of their education. Moreover, for this inclusion centre with a small number of pupils, providing support for pupils to access mainstream lessons and activities is more challenging when the pupils range in age across the entire primary phase as there are fewer staff to provide the necessary support.
- 3.3 The Portsmouth Strategic SEND Review Phase 2 published in November 2020 provides for new Inclusion Centres to be 'of a sustainable and viable size with a minimum of 3 classes'. This is because larger Inclusion Centres can benefit from:
- greater financial viability
  - increased potential for recruitment and retention of specialist staff
  - the ability to provide more specialist learning support accommodation
  - more efficient and effective peer groupage and progression for children through the school
  - improved opportunities for inclusion in mainstream classes
  - improved parental choice of setting
  - less risk of insufficient cover through staff absence
- 3.4 There is no scope to develop the Portsdown Primary school site to increase the number of places in the Inclusion Centre to ensure that the provision continues to be viable and to provide the flexibility required to better support the needs of pupils.
- 3.5 The Council and the Governing Board of Portsdown Primary School consulted on a proposal to close the Inclusion Centre in September 2022. A public consultation was opened on 15<sup>th</sup> October 2021 and responses were invited until 15<sup>th</sup> November 2021. A decision was subsequently taken to postpone the closure of the Inclusion centre until 2023 to allow additional time to work with the pupils attending the unit and their families and allow an extended transition to alternative provision.
- 3.6 As Portsdown Primary School is a community-maintained school, a proposal to remove special educational needs (SEN) provision is a prescribed alteration governed by The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013. The Local Authority would be the proposer and the decision maker for this alteration. The prescribed alteration must follow a statutory process which has the following four stages:

Stage	Description	Timescale	Comments
Stage 1	Publication (statutory proposal / notice)		
Stage 2	Representation (formal consultation)	Must be at least 4 weeks	As prescribed in the 'Prescribed Alteration' regulations.
Stage 3	Decision	LA should decide a proposal within 2 months otherwise it will fall to the Schools Adjudicator.	Any appeal to the adjudicator must be made within 4 weeks of the decision.
Stage 4	Implementation	No prescribed timescale	However, it must be as specified in the published statutory notice, subject to any modifications agreed by the decision- maker.

- 3.7 Once this prescribed alteration has been determined, only the local Church of England diocese or the local Roman Catholic diocese have a right to appeal the decision to the Schools Adjudicator.

#### **4. Reasons for recommendations and outcome of consultation**

- 4.1 The closure of the Inclusion Centre at Portsdown Primary School would result in a reduction of 9 Inclusion Centre places, however a new larger 24 place Inclusion Centre is due to open at Arundel Court Primary Academy on 1<sup>st</sup> September 2023. The new Inclusion Centre will provide a flexible and sustainable setting. Pupils placed in the new facility will benefit from opportunities for peer support and progression through their primary education.
- 4.2 The consultation on the proposal was sent to all parents/carers of the pupils that are currently placed in the Inclusion Centre at Portsdown Primary School and then to parents/carers of all the pupils registered at the school. In addition, the consultation document was circulated to Portsmouth Parent Voice.
- 4.3 The Council received two responses to the formal consultation. One parent of a child in the Inclusion Centre emailed to express concern that the views of parents/carers would not be considered in the decision-making process. In addition, a group of three other parents of children in the Inclusion Centre contacted their ward Councillor to express their concerns but did not comment directly to Council Officers. The parents and carers of all children placed in the Inclusion Centre at Portsdown Primary School have been contacted individually by the school to provide reassurance.

- 4.4 No further comments on the proposal were received.
- 4.5 School staff and Council Officers have continued to keep those most directly affected by the proposed closure i.e. children, their families and staff informed of the plans and give them the opportunity for further feedback. Transition plans are in place for all pupils currently attending the Inclusion Centre.

## **5. Integrated impact assessment**

- 5.1 An integrated impact assessment (IIA) is not required for this proposal. The proposal would impact children with special needs and disabilities (SEND) who would benefit from the improved opportunities for specialised support and inclusion as well as more effective peer groupage and progression that a larger inclusion centre affords.

## **6. Legal implications**

- 6.1 The statutory process for the removal of special educational needs provision in a maintained mainstream school is set out in the Education and Inspections Act 2006 ("EIA 2006") and The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013. Under s.18 of the Education and Inspections Act 2006, an LA can propose the discontinuance of provision which is recognised by the LA as reserved for children with special educational needs. The LA will be the decision-maker of the proposal and must follow the statutory process.
- 6.2 The statutory process for the discontinuance of the Portsdown Inclusion Centre requires publication of the statutory proposal and a period of formal consultation of 4 weeks. The statutory guidance for proposers and decision-makers "Making significant changes ('prescribed alterations') to maintained schools" October 2018 states that whilst there is no requirement for a pre-statutory consultation, there is a strong expectation that schools and LAs will consult interested parties in developing their proposal prior to publication. The purpose of this report is to provide the outcome of this early consultation to the Cabinet Member.
- 6.3 The statutory guidance requires the proposer, when considering any reorganisation of provision reserved for pupils with special educational needs, including that which might lead to children being displaced, to demonstrate how the proposed alternative arrangements are likely to lead to improvements in the standard, quality and/or range of educational provision for those children.
- 6.4 The statutory proposal as published must include the information contained in Schedule 3 of the Prescribed Alterations Regulations 2013.



- 6.5 Following the end of the representation period, the LA must make a decision within a period of two months, otherwise the proposal must be referred to the Schools Adjudicator
- 6.6 It is within the Cabinet Member's powers to approve these recommendations, as set out in the City Council's constitution.

## **7. Director of Finance's comments**

- 7.1. Inclusion Centres are funded via the Dedicated Schools Grant (DSG) which is governed by the School and Early Years Finance (England) Regulations. The DSG provides funding through three funding streams, the mainstream funding formula (approximately £4,000), place funding (£6,000) plus Top-up funding which reflects the level of need of the pupils.
- 7.2. Should the Inclusion Centre close, the funding provided through the three funding streams will cease. The school will be responsible any revenue costs associated with the closure of the Inclusion Centre including redundancy or early contract termination fees.
- 7.3. The DSG budget for the financial year 2023-24 has yet to be approved, the outcome of the statutory consultation will be included within the 2023-24 budget proposals.

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Signed by: Sarah Daly, Director of Children, Families and Education

## **Appendices:**

### **Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

Signed by:

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# Agenda Item 4



**Title of meeting:** Cabinet Member, Children, Families and Education

**Date of meeting:** 15 December 2022

**Subject:** Dedicated Schools Grant 2022-23 Quarter 2 Budget Monitoring

**Report by:** Chris Ward Director of Finance

**Wards affected:** All

**Key decision:** Yes/No

**Full Council decision:** Yes/No

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## **1 Purpose of report**

- 1.1 The purpose of this report is to inform the Cabinet Member of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2022-23 as at the end of September 2022.

## **2 Recommendations**

- 2.1 It is recommended that the Cabinet Member:
- 2.1.1 Notes the forecast year end budget position for the Dedicated Schools Grant as at 30 September 2022, together with the associated explanations contained within this report.

## **3 Background**

- 3.1 The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2 In February 2022, the Cabinet Member for Children, Families and Education approved, and Schools Forum endorsed, the Original DSG budget for the 2022-23 financial year. In October 2022 the budget was revised and whilst this was after the end of the second quarter, the budgets have been updated for completeness. This report provides the latest forecast of the year end outturn as at 30 September 2022, which is set out in the table below.



Table 1 - Dedicated Schools Grant				
	Original budget 2022-23 £000's	Revised budget 2022-23 £000's	Projected outturn 2022-23 £000's	Projected over / (under) spend £000's
<b>Income</b>				
DSG Brought forward 2021-22	(8,454)	(8,454)	(8,454)	0
DSG and other specific grants	<u>(77,158)</u>	<u>(78,012)</u>	<u>(78,159)</u>	<u>(147)</u>
<b>Total Income</b>	<b>(85,612)</b>	<b>(86,465)</b>	<b>(86,612)</b>	<b>(147)</b>
<b>Expenditure</b>				
<b>Schools block</b>				
Primary ISB	23,807	23,807	23,807	0
Secondary ISB	14,390	14,390	14,390	0
De-delegated and growth fund	<u>1,419</u>	<u>1,419</u>	<u>1,079</u>	<u>(340)</u>
<b>Total Schools block</b>	<b>39,616</b>	<b>39,616</b>	<b>39,276</b>	<b>(340)</b>
Central School Service	1,020	1,020	1,019	(0)
<b>Early Years block</b>				
Nursery ISB	10,743	11,053	11,053	0
Other Early Years	2,586	2,889	2,873	(16)
<b>High Needs block</b>				
High Needs ISB	749	797	797	0
Other High Needs cost	22,874	23,167	22,772	(395)
<b>Total Expenditure</b>	<b>77,587</b>	<b>78,542</b>	<b>77,790</b>	<b>(752)</b>
<b>DSG Carried forward</b>	<b>8,025</b>	<b>7,923</b>	<b>8,822</b>	<b>899</b>

3.3 Overall, the budget is forecast to underspend by £752,000 the details of which are set out in the sections below.

#### 4 Schools Block

4.1 At the end of the second quarter, all Growth Fund allocations for 2022-23 have been paid to the relevant schools. The underspend relates to the planned underspend of £340,400 on the Growth Fund to be carried forward to 2023-24 to support future funding commitments agreed with schools.

#### 5 Early Years Block

5.1 At the end of the second quarter, the Early Years Block is forecast to have a small underspend, relating to the Disability Access Fund. A review of the two three and four year old place funding identified an increase in pupil numbers over the summer term, but the increased expenditure was supported by an increase to the

Early Years Block funding reflecting the January 2022 pupil census. Therefore, these budgets continue to be forecast on budget.

## **6 High Needs Block**

- 6.1 Following the receipt of all class lists and the calculation of the permanent exclusion recharge, the forecast position is showing an underspend of £395,300.

### **Element 3 Top up**

- 6.2 The table below provides a breakdown of the forecast position relating to the Element 3 top-up funding using the summer term class lists and budgeted pupil numbers for the autumn term.

<b>Table 2 - Element 3 Top-up</b>			
	<b>Total 2022-23</b>		
	<b>2022-23 Revised Budget</b>	<b>Forecast Outturn as at 30 Sept 2022</b>	<b>Variance (Under)/ Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>
EHCP Mainstream	3,597,600	3,511,300	(86,300)
Element 3 Top Up Special Schools	9,457,400	9,243,400	(214,000)
Element 3 Top Up - Resource Units	418,200	418,200	0
Element 3 Top Up - AP	280,300	230,800	(49,500)
Post 16 Special Educational Needs	1,124,400	1,124,400	0
Element 3 Top Up - OLA School	417,800	417,800	0
<b>Total Element 3 Top-up</b>	<b>15,295,700</b>	<b>14,945,900</b>	<b>(349,800)</b>

- 6.3 The number of pupils with Education Health and Care Plans (EHCP) in mainstream schools continue to grow (636 as at the end of September) but they are still lower than the budgeted growth, leading to the forecast underspend.
- 6.4 The underspend on the Special Schools relates to the number of pupils placed in Portsmouth Special Schools by other local authorities for which Portsmouth does not pay Element 3 top-up for.
- 6.5 Over the summer term Portsmouth placed a lower number of pupils in the alternative Provision settings than budgeted leading to the forecast underspend.

### **Permanent Exclusion Recharge**

- 6.6 The credit of £49,500 reflects the proportion of income from schools where pupils have been placed in an alternative provision setting for a period before moving to a new mainstream placement. This is an annual contribution to the element 3 top-up costs.

## Out of City Placements

- 6.7 This budget is currently forecast on budget, it should be noted that the forecast is likely to increase following confirmation of the cost of a number of high cost placements which are currently in progress. The budget contains an estimate based on average cost, but actual costs are likely to be higher.

## 7 DSG Grant funding and carry forward balances

- 7.1 During the second quarter the authority received adjustments to the 2022-23 DSG allocation in July 2022, in relation to the Early Years and High Needs Blocks. An explanation of the adjustments was taken to Schools Forum and Cabinet Member in October and the budget revised accordingly. These changes have been incorporated in the Quarter 2 monitoring as set out in Table 1.

- 7.2 As at the end of September 2022, the carry forward balance is projected to be £8.8m. The table below provides a breakdown of the movement on the carry forward balance from 1 April and future commitments against the balance.

<b>Table 3 - forecast carry forward balance</b>	
	<b>£,000</b>
Brought forward balance as at 1 April 2022	8,454
Schools specific contingency	(124)
Growth fund	(304)
Revised budget adjustments 2022-23	(102)
<b>Carry forward balance</b>	<b>7,924</b>
Projected 2022/23 underspend as at 30 September 2022	752
Early Years Block adjustment January 2022 to March 2022	147
<b>Forecast carry forward</b>	<b>8,823</b>
<b>Future commitments 2022-23</b>	
Revenue implications of High Needs places for future years	(2,040)
Contingency to manage in-year pressures	(1,826)
Growth Fund budgeted carry forward to 2023-24	(341)
Relational Practice project	(530)
Wymering pre-opening grant	(250)
<b>Uncommitted DSG carry forward</b>	<b>3,836</b>

- 7.3 In July 2022 the authority brought a paper to Schools Forum and the Cabinet Member setting out proposals to use £530,000 of the DSG balances over a three year period to support the implementation of Relational Practice across all schools in the City. After the endorsement and approval of the proposals, a disapplication request was submitted to the Department for Education, who have indicated that funding can be provided through the DSG High Needs Block to support this project. The overspend created through the implementation of the project will be funded through the DSG balances for the current and future financial years as set out in the table above.

## **8 Reasons for recommendations**

- 8.1 It is recommended that the Cabinet Member notes the contents of the report in respect of the financial forecast for 2022-23 as at the end of the second quarter

## **9 Integrated impact assessment**

- 9.1 An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity.

## **10 Legal implications**

- 10.1 There are no legal implications arising directly from the recommendations in this report.

## **11 Director of Finance's comments**

- 11.1 Financial comments and implications are included in the body of this report.

Signed by: Chris Ward, Director of Finance and Resources

## **Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
School and Early Years Finance (England) Regulations 2022	<a href="#">The School and Early Years Finance (England) Regulations 2022</a>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:

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<b>Title of Meeting:</b>	<b>Cabinet Member for Children, Families and Education</b>
<b>Date of Meeting:</b>	<b>15th December 2022</b>
<b>Subject:</b>	<b>Children, Families and Education Portfolio Budget Monitoring Report for the Second Quarter 2022/23</b>
<b>Report from:</b>	<b>Chris Ward, Director of Finance and Section 151 Officer</b>
<b>Report by:</b>	<b>Angela Mann, Finance Manager</b>
<b>Wards affected:</b>	<b>All</b>
<b>Key decision:</b>	No
<b>Budget &amp; policy framework decision:</b>	No

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## **1. Purpose of report**

- 1.1. To inform the Cabinet Member of the projected revenue expenditure within the portfolio cash limit and the Capital Programme for the current financial year 2022/23. This report sets out the budget position and contributing factors to the projected spend within the portfolio as at the end of September 2022.

## **2. Summary**

- 2.1. The forecast is for the total portfolio spending to be £2,766,300 in excess of the current revenue budget provision. This consists of expected pressures of £1,035,000 as a result of the COVID-19 pandemic, £53,100 as a result of increased Energy Costs and £1,678,200 due to other factors.
- 2.2. The financial impact of the COVID-19 pandemic is still being realised across the whole of the portfolio, however it is becoming harder to identify those costs that are a direct result of the pandemic.
- 2.3. Following a realignment of budgets as part of the approval of the 2022/23 capital programme in February 2022, both the Education and Children and Families capital programmes are currently forecasting a breakeven position on capital expenditure across the Capital Programme period to 2022/23.

## **3 Recommendations**

3.1 It is recommended that:

- i. the Cabinet Member notes the Children, Families and Education Portfolio forecast revenue and capital budget positions, as at the end of September 2022, together with the variance and pressure explanations.
- ii. in consultation with the Cabinet Member, Directors continue to develop a savings plan which will eliminate the overspend currently being forecast, progress against which is monitored by the Cabinet Member and the Director of Finance on a regular basis.

#### **4 Background**

- 4.1 The Medium Term Financial Strategy identified the future demand and cost pressures facing the service, along with strategies to improve outcomes and manage within budget. This will need to be refreshed for 2023/24 to incorporate the impact of Covid-19 and the Cost of Living pressures.
- 4.2 The report identifies where the impact of Covid-19 is known but it is likely that it has impacted on the availability of placements nationally, and the increase in costs being incurred, and the increase in activity and complexity of cases being supported which forms part of the 'non COVID-19 Variance'.

#### **5 Summary Position against Cash Limited Budget at the end of September 2022**

- 5.1 At the end of the second quarter an overspend of £2,766,300 is currently forecast for the financial year as shown in the table below. The Portfolio is facing many pressures and work is ongoing to reduce these. This work includes a close review of the very high cost placements and the role all partners have, introducing new ways of supporting children and young people, their families and carers. However, there is still an increase in the forecast between Quarter 1 and Quarter 2 primarily associated with Looked After Children. The 2022/23 pay award in excess of the original budget is being met at a corporate level, and so should not result in an additional pressure to the Portfolio budget.

Service Area	Current Budget £000	Forecast Outturn £000	Forecast Outturn Variance £000	Energy Cost Variance £000	COVID-19 Variance £000	Non COVID-19/Energy Cost Variance £000
Management, Sufficiency & Resources	2,723	3,530	807	2	0	805
Inclusion Services	2,360	2,311	-49	0	0	-49
School Improvement	291	183	-108	0	0	-108
Community Learning	0	-21	-21	0	0	-21
Employment Skills & Learning	65	86	21	0	0	21
Youth & Play Shared Services with the HRA	456	456	0	0	0	0
<b>Total Education Services</b>	<b>5,895</b>	<b>6,545</b>	<b>651</b>	<b>2</b>	<b>0</b>	<b>648</b>
Family Safeguarding Service	7,244	7,910	666	0	174	492
Looked After Children	19,513	22,195	2,682	26	800	1,856
Adolescents & Young Adults	4,850	3,660	-1,190	22	0	-1,212
Safeguarding & Monitoring	740	756	16	0	0	16
Principal Social Worker	351	307	-43	0	0	-43
Support Activities	2,478	2,465	-13	0	0	-13
Early Help and Prevention	470	477	7	2	58	-53
Commissioning & Performance	1,938	1,929	-9	0	3	-12
<b>Total Children and Families</b>	<b>37,584</b>	<b>39,700</b>	<b>2,116</b>	<b>51</b>	<b>1,035</b>	<b>1,030</b>
<b>Total Children, Families and Education Portfolio</b>	<b>43,479</b>	<b>46,245</b>	<b>2,766</b>	<b>53</b>	<b>1,035</b>	<b>1,678</b>

\*Forecast outturn variance includes variance due to COVID-19, variance due to increased energy costs and variance not related to COVID-19

*Numbers may not exactly add up due to rounding*

The forecast variances to budget are explained further below.

- 5.2 Management, Sufficiency and Resources** (£807,100 overspend): This includes £2,300 of costs relating to recent price rises in energy. The overspend relates to Home to School Transport of which £256,000 relates to higher wage and fuel costs. The 2022/23 academic year has also seen an increase in the number of pupils transported to school. The pressures within the market itself has also meant that a different approach to commissioning the required transport was developed for September.
- 5.3 Inclusion Services** (£49,000 underspend): The forecast underspend is due to vacancies within the service.
- 5.4 School Improvement** (£107,600 underspend): The forecast underspend is due to vacancies within the service.
- 5.5 Community Learning** (£20,500 underspend) and **Employment Skills and Learning** (£20,500 overspend). The variance is due to the proportion of management costs charged to each area and should be netted off against each other.
- 5.6 Youth and Play Shared Services with the HRA** (On Budget): This area is projected to be on budget.

**5.7 Family Safeguarding Service** (£666,300 overspend): This includes £174,100 of costs relating to COVID-19. COVID-19 has meant that additional staff have been recruited to meet the increase demand in the system (i.e. an increase in referrals, assessment work and children subject to a child protection plan). The resulting non-COVID overspend is due to placements for Children with Disabilities where we have children with exceptionally high needs, an overspend due to numbers of families with no recourse to public funds and the use of agency staff to cover a relatively small number of social worker vacancies.

**5.8 Youth Offer** (On Budget): This area is projected to be on budget.

**5.9 Looked After Children** (£2,682,000 overspend): This includes £800,000 of COVID-19 pressures due to delayed savings resulting from the implementation of the Family Safeguarding model. This also includes £26,400 of costs relating to recent price rises in energy.

**5.10** The overspend on placements is largely in relation to a small number of extremely high cost bespoke arrangements where children can require 3:1 nursing care to support complex mental health needs. This is recognised as a national challenge as recognised by the ADCS President Steve Crocker who reflected that *'Most councils in England have at least one looked-after child whose private placement costs £10,000 a week or more, with costs running to £60,000 a week in the most extreme cases'*.

**5.11** The projected overspend on placements is £2,242,400, the breakdown of which is in the table below.

September 2022 Placement Type	Budget			Current Projection				
	Average	Av Unit Cost	Budget	Current Placements	Average	Av Unit Cost	Forecast Outturn	Budget Pressure
	Nos	£	£	Nos	Nos	£	£	£
External Residential	17.94	246,624	4,424,200	26	23.66	215,595	5,100,975	676,775
Semi Independent	2.29	119,867	274,700	9	7.57	225,300	1,705,521	1,430,821
Independent Fostering Agency (IFA)	26.13	45,374	1,185,700	19	19.73	49,236	971,432	(214,268)
In-House Foster care	242.66	24,997	6,065,800	238	240.22	26,463	6,356,994	291,194
<b>Sub-total</b>	<b>289.02</b>	<b>41,347</b>	<b>11,950,400</b>	<b>292</b>	<b>291.18</b>	<b>48,544</b>	<b>14,134,922</b>	<b>2,184,522</b>
<b>Sub-total Outturn 2021/22 Comparison</b>	<b>317.81</b>	<b>39,337</b>	<b>12,501,700</b>		<b>298.29</b>	<b>45,529</b>	<b>13,580,732</b>	<b>1,079,032</b>
Adoption	50.86	9,565	486,500	45	44.53	9,219	410,534	(75,966)
Child Arrangement Orders	14.38	5,235	75,300	5	5.36	6,179	33,094	(42,206)
Special Guardianship	131.77	6,310	831,500	125	124.16	8,115	1,007,587	176,087
<b>Grand Total Outturn 2022/23</b>	<b>486.05</b>	<b>27,454</b>	<b>13,343,700</b>	<b>467</b>	<b>465.23</b>	<b>33,502</b>	<b>15,586,137</b>	<b>2,242,437</b>
<b>Grand Total Outturn 2021/22 Comparison</b>	<b>496.58</b>	<b>25,806</b>	<b>12,815,000</b>	<b>470</b>	<b>489.95</b>	<b>29,620</b>	<b>14,512,595</b>	<b>1,697,595</b>

**5.12** The remaining overspend within Looked After Children is a result of increased energy costs and staffing pressures within the Childrens Homes and Fostering Teams.

**5.13 Adolescents & Young Adults** (£1,189,700 underspend): This includes £22,400 of costs relating to recent price rises in energy. There is an overspend of £344,200 on indigenous care experienced young people which is due to the numbers being supported and also complexity of need. There is an underspend on the budget for care experienced young people who are seeking refuge of £1,029,900, although the direct spend is still higher than the grant that is received. There is also an underspend of £220,600 on the budget for children seeking refuge where the

numbers are greater than budgeted and the grant received is in excess of the direct costs. The threshold for the National Transfer Scheme (NTS) has recently been increased from 0.07 of the child population to 0.1, which means an increase from 31 unaccompanied looked after children to 45. Whilst the grant covers the direct costs for children under 18, a financial pressure is experienced post 18 as the grant reduces but the level of need does not. Work is ongoing to maximise the income care experienced young people receive, which should reduce the costs to Portsmouth City Council. Work has also started to look at increasing housing options in Portsmouth which will reduce costs.

- 5.14 **Safeguarding & Monitoring** (£15,500 overspend) and Principal Social Worker (£43,200 underspend): The forecast variances are due to staffing pressures within the teams.
- 5.15 **Support Activities** (£12,800 underspend): The forecast underspend is due to vacancies within the service.
- 5.16 **Early Help and Prevention** (£7,100 overspend): This includes £58,000 of costs relating to COVID-19. The COVID-19 costs are projected for additional staff to help families stay together. This also includes £2,000 of costs relating to recent price rises in energy. The underlying underspend is due to a vacant Head of Service post for part of the year.
- 5.17 **Youth Offer** (On Budget): This area is projected to be on budget.
- 5.18 **Commissioning and Performance** (£9,400 underspend): This includes £3,000 costs relating to COVID-19. The COVID-19 overspend relates to an additional requirement for data therefore an additional officer was in post at the beginning of the year. The non-covid underspend is to be used to offset overspends within the portfolio.

## 6 Capital Programme

- 6.1 Attached at Appendix 1 is the current capital budget monitoring position in respect of all schemes in the capital programme for Education, which was approved by Council 15 February 2022.
- 6.2 Current spending at £59.4m is some £12.1m below approved funding of £71.5m for the schemes identified, reflecting the longer-term nature of capital spending. It should be noted that the cost pressures seen in the building sector are impacting on the forecast spending levels of the current programme by £2.9m as set out in Appendix 1. These pressures are expected to be covered with the High Needs capital allocations from the Department for Education in 2022-23, leading to an overall breakeven position. Any underspending arising from the Capital Programme which was funded from Corporate Capital Resources will be returned and will be allocated through the Budget Process, ensuring that the Council are able to allocate capital funding through a competitive basis to the Council's highest priorities.

6.3 Comments related to the variations are noted on Appendix 1, and arrangements to re-align budgets and adjusted spending plans are currently being considered.

6.4 The table shown below is the current approved capital programme for Children and Families, including payments made to date. Funding for all schemes was approved by Council 15 February 2022.

<b>Children and Families Capital programme 2022/23</b>					
		<b>Approved budget</b>	<b>Actual Expenditure to date</b>	<b>Forecast Expenditure</b>	<b>Forecast variance</b>
<b>No.</b>	<b>Scheme</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1	Adaptations to Foster Carer Properties	108,300	108,300	108,300	0
2	Children's Case Management Software Replacement	2,707,000	2,410,500	2,707,000	0
3	Tangier Road Children's Home	503,900	503,900	503,900	0
4	Beechside Children's Home	50,100	63,200	63,200	13,100
5	Capital Grant for Disabled Looked after Children	210,200	210,200	210,200	0
6	E C Roberts Centre refurbishment Loan	250,000	7,200	250,000	0
7	Adaptation to Carers Homes	476,700	102,400	463,600	-13,100
40	Acquisition of Mosaic Mobile Work Force Cloud Technology	545,000	0	545,000	0
41	The White House Children's Home	22,500	0	22,500	0
42	Create garden workspace for young people	14,100	0	14,100	0
	<b>Total</b>	<b>4,887,800</b>	<b>3,405,700</b>	<b>4,887,800</b>	<b>0</b>

## **7 Equality impact assessment (EIA)**

7.1 An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010. There is no change to policy or service and through the budget review process equality impact assessments would be undertaken on an individual basis as required.

## **8 Legal comments**

8.1 There are no legal implications arising directly from the recommendations set out in paragraph 3.1 of this report.

## **9 Director of Finance comments**

8.1 Financial comments are contained within the body of the report.

.....  
**Chris Ward, Director of Finance and Section 151 Officer**

**Background list of documents: Section 100D of the Local Government Act 1972**

The information upon which this report has been based has been drawn from a variety of sources; however much of the information used is held in budget files prepared by the Children and Education Finance Team. Please contact Angela Mann, Finance Manager, if required.

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet on

.....  
Signed by: Cabinet Member

## Appendix 1

### Education Capital Budget forecast

Number	Scheme	Current Approved Budget	Actual spend to date	Manager Forecast Spend	Forecast Variance	Explanation
		£	£	£	£	
8	Sufficiency Programme Phase Two 2015- 2017	11,089,500	10,701,800	11,089,500	0	
9	Vanguard Centre	3,308,000	3,308,000	3,308,000	0	
10	King Richard School Rebuild 900-1000 places	1,562,300	1,412,700	1,562,300	0	
11	Universal Infant Free School Meal Works	889,300	889,300	889,300	0	
12	Schools Conditions Projects - Modernisation	1,422,600	1,422,600	1,422,600	0	
13	School Conditions Project 2016 - 17	869,500	872,000	872,000	2,500	
14	Secondary School Places Expansion Phase (1)	1,728,700	1,617,700	1,728,700	0	
15	Special Education Needs - Building Alterations	2,841,600	2,611,800	2,841,600	0	
16	Schools Devolved Formula Capital 2016-17	5,837,100	6,284,900	5,837,100	0	
17	Sufficiency of Secondary School Places	5,517,500	4,928,500	5,517,500	0	
18	Future Secondary School Places Feasibility	158,200	64,500	158,200	0	
19	School Condition 2017-18	853,200	754,200	843,900	-9,300	
20	Beacon View - Kitchen Block	41,700	41,700	41,700	0	
21	School Condition 2018-19	1,577,400	1,569,600	1,584,200	6,800	
22	Sufficiency of School Places 2018-19	11,343,500	10,529,600	11,343,500	0	
23	Special School Places - Redwood Park	2,805,900	2,831,400	2,914,600	108,700	
24	Special School Places - Willows	586,100	516,500	586,100	0	
25	Milton Childcare Sufficiency	69,800	69,800	69,800	0	
26	Forest School - Community Accessible Education Centre	30,000	0	30,000	0	
27	30 Hours Delivery Support EY	10,800	10,800	10,800	0	
28	Maintained Schools Urgent Condition Work	1,754,600	1,454,300	1,754,600	0	Two years funding for 2019-20 and 2020-21
29	Additional School Places - The Lantern	1,147,100	1,148,700	1,148,700	1,600	
30	Additional School Places in Mainstream Schools - Design	250,000	72,300	248,400	-1,600	
31	Additional Secondary Schools Places - St Edmunds Catholic School (GRANT)	650,100	650,100	650,100	0	
32	Additional School Places 2020/2021	2,200,000	228,200	2,090,000	-110,000	
33	Additional School Places 2020/2021 Wymering Site	220,000	283,700	283,700	63,700	Land covenant and fees to be covered by SEND grants
34	Wimborne Amalgamation	87,000	88,300	88,300	1,300	
35	School Places SEND Phases 1 & 2	1,360,700	2,518,500	3,194,000	1,833,300	Industry inflationary to be covered SEND grants
36	Northern Parade Family Hub	25,000	19,600	25,000	0	
37	Education case management system	1,250,000	191,200	1,250,000	0	
38	Maintained Schools- urgent condition projects (2 year planned programme 2021/22 to 2022/23)	1,596,800	499,100	1,596,800	0	
39	Accommodation for Special Education Needs (Additional Schools Places)	7,875,600	1,799,800	8,293,500	417,900	Industry inflationary to be covered SEND grants
43	Accommodation for SEND - Arundel Court Inclusion Centre	550,000	19,600	1,100,000	550,000	Industry inflationary to be covered SEND
<b>TOTALS</b>		<b>71,509,600</b>	<b>59,410,800</b>	<b>74,374,500</b>	<b>2,864,900</b>	





# Agenda Item 6

<b>Title of meeting:</b>	Cabinet Member, Children, Families and Education
<b>Date of meeting:</b>	15 December 2022
<b>Subject:</b>	School Funding Arrangements 2023-24
<b>Report by:</b>	Sarah Daly, Director Children, Families and Education
<b>Wards affected:</b>	All
<b>Key decision:</b>	<del>Yes</del> /No
<b>Full Council decision:</b>	<del>Yes</del> /No

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## 1 Purpose of report

- 1.1 The purpose of this report is to provide the Cabinet Member with an update on the latest developments in respect of the future schools revenue funding arrangements for the financial year 2023-24.

## 2 Recommendations

- 2.1 It is recommended that the Cabinet Member:
- 2.1.1 Notes the Department for Education's proposed changes to school revenue funding arrangements for 2023-24, as set out in this report.
- 2.1.2 Approves the proposals for implementing the local funding formula arrangements as set out in this report in particular to:
- Implement the National Funding Formula rates for both primary and secondary schools in 2023-24 as set out in Appendix 1
  - Implement a minimum funding guarantee (MFG) of at least 0.0% and up to +0.5% subject to affordability, for 2023-24 as set out in paragraph 5.13
  - The method of managing affordability as set out in paragraphs 5.14 to 5.18.

## 3 Background

- 3.1 In July 2021 the Government published the Policy Document "The national funding formula for Schools and High Needs 2023-2024", followed by the "Schools operational guide 2023 to 2024" along with local authority indicative funding allocations. Additionally, in October 2022 the government published the "High Needs funding: 2023 to 2024 operational guidance".

- 3.2 The publications contain further detail regarding the second year of the three-year funding settlement announced in the 2021 Spending Review providing nationally £4.0bn in 2022-23, £1.5bn in 2023-24 and £1.7bn in 2024-25.
- 3.3 This report is intended to provide the Cabinet Member with an overview of the main changes to school funding highlighted in the Policy Document and Operational Guides and the progress being made towards agreeing the Schools Funding arrangements locally for the financial year 2023-24. As the Portsmouth Funding Formula has been using the NFF for all Primary and Secondary schools there has been no detailed consultation with schools in relation to 2023-24, but the authority has asked schools for feedback on the proposed methods of managing overall affordability.
- 4 Dedicated School Grant (DGS) Funding**
- 4.1 The DfE Policy Document and Operational Guides for 2023-24, set out how the authority will be funded through the National Funding Formula (NFF) and the changes for 2023-24 along with any changes to the Schools Block and funding for mainstream schools, Central Schools Services Block and High Needs Block.
- 4.2 In June 2022 the DfE issued a national consultation, "Implementing the Direct National Funding Formula" which followed on from the July 2021 consultation<sup>1</sup> and provided more detail on the proposed implementation of a hard NFF by 2027-28. Section 7 and Appendix 2 set out the Schools Forum response to the consultation. The DfE has advised that whilst local authorities will continue to have flexibility to set a local formula in consultation with Schools Forum for 2023-24, they must either mirror the NFF (be within plus/minus 2.5%) or move 10% closer to the NFF. In 2022/23 Portsmouth mirrors the NFF factor values on all factors and has a slightly increased Lump sum.
- 4.3 Indicative funding allocations for 2023-24 were published to local authorities in July 2022. Portsmouth's indicative allocations (inclusive of academies' funding) for 2023-24, together with current allocations for 2022-23 are shown in the table below.

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<sup>1</sup> Fair school funding for all: completing our reforms to the National Funding Formula.

<b>Table 1 - DSG Indicative Funding 2023-24</b>				
	<b>2022-23 Allocation July 2022<sup>23</sup></b>	<b>2023-24 Indicative Allocation July 2022</b>	<b>Change</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Schools Block	141,139	144,193	3,054	2.16%
Central Schools Services Block	1,020	1,042	22	2.20%
High Needs Block	32,942	34,334	1,919	5.92%
<b>Total</b>	<b>174,574</b>	<b>179,569</b>	<b>4,995</b>	<b>2.86%</b>
Early Years Block	13,942	13,942	0	0.00%
<b>Total</b>	<b>188,516</b>	<b>193,511</b>	<b>4,995</b>	<b>2.86%</b>

4.4 Local authorities may again request a one-off transfer of the Schools Block funding to the High Needs Block to support pressures. Schools Forum can agree up to 0.5% of the Schools Block, and any transfer above this requires Secretary of State Approval. There are no restrictions for transferring funding from the Central Schools Support Block, the Early Years Block or the High Needs Block to other funding blocks. There are no proposals to transfer additional funding to the High Needs block for 2023-24.

4.5 The following sections provide an update on the main changes to the block funding and the impact on Portsmouth.

## **5 Schools Block**

5.1 The Schools Block covers the mainstream (maintained and academy) schools individual budgets and the growth fund.

5.2 In 2022-23 the authority received a supplementary grant for mainstream schools in addition to the Schools Block Formula funding. This grant was passed directly to schools either from the local authority (Maintained schools) or via the Education and Skills Funding Agency (ESFA) (Academy schools). For 2023-24 the DfE are rolling the supplementary grant in to the Schools Block by increasing certain factors by the value paid as part of the supplementary grant as set out in the table below.

<sup>2</sup> Includes the 2022-23 supplementary grant which was paid separately to schools in 2022-23 but forms part of the Schools Block in 2023-24

<sup>3</sup> Excludes Growth funding, this will be announced in December 2022.

Table 2: Addition of the Supplementary Grant to the 2022-23 NFF values			
NFF Factors	NFF values 2022-23 (excluding ACA)	supplementary grant	NFF 2023-24 values before inflation
	£	£	£
Basic Entitlement - Primary	3,217	97	3,314
Basic Entitlement - KS3	4,536	137	4,673
Basic Entitlement - KS4	5,112	155	5,267
Primary FSM6	590	85	675
Secondary FSM6	865	124	989
Primary Lump Sum	121,300	3,680	124,980
Secondary Lump sum	121,300	3,680	124,980
Primary MPPL	4,265	119	4,384
Secondary MPPL - KS3	5,321	155	5,476
Secondary MPPL - KS4	5,831	173	6,004
Secondary MPPL	5,525	144	5,687
All through MPPL	4,790	137	4,927

- 5.3 Additionally, both the minimum per pupil funding levels (see Table above) and the 2022-23 baseline funding will be increased to reflect the inclusion of the supplementary grant to the mainstream formula.
- 5.4 The 2023-24 policy document on the Schools Block funding to the local authority will allow for the increase in NFF formula values due to the supplementary grant and in addition will be increased by:
- 4.3% on the deprivation NFF funding factors of Free School Meals Ever 6 (FSM6) and Income Deprivation Affecting Children Index (IDACI)
  - 2.4% on other core funding factors such basic entitlement, free school meals, English as a second language, low prior attainment, mobility, sparsity, and lump sum.
  - 0.5% will be added to the minimum per pupil funding levels as set out in Appendix 1
  - An increase to the PFI factor in line with the retail price index<sup>4</sup> (11.2%)
  - Provides a minimum funding guarantee of between 0.0% and plus 0.5%.
- 5.5 The policy document also sets out how the underlying data sets for two formula factors, continue to be adjusted to allow for the unavailability of national assessment data due to Covid-19 as set out below:
- **Low prior attainment factor;** as in 2022-23, where the national assessment data is not available for Early Years Foundation Stage

<sup>4</sup> RPIX - Retail Price index for all items excluding mortgage interest.

or key Stage 2, the 2019 assessment data will be used to calculate the proportion of pupils who meet this criteria.

- **Mobility factor;** as in 2022-23, following the cancellation of the May 2020 census, those pupils who joined the school between January and May 2020 will attract funding based on their entry date rather than the May census.

## Funding for Schools

- 5.6 In 2020-21 Portsmouth schools moved to the national funding formula factor values as published by the DfE with the addition of the Portsmouth area cost adjustment (ACA) of 1.42%<sup>5</sup>. Schools Forum endorsed, and it was approved by the Cabinet Member in January 2022, to increase the lump sum for a third year to maximise the funding to schools during 2022-23 and that the value will revert to the NFF value in 2023-24. Appendix 1 sets out the Portsmouth factor values used to calculate the 2022-23 school budgets and the 2023-24 NFF factor values published by the DfE in the Policy Document.
- 5.7 Following the national consultation in 2021 both the Policy Document and operational guidance reflect the move towards a hard national funding formula for schools. Whilst the changes for Portsmouth are minimal, there are changes which will impact on the presentation of the formula funding in 2023-24. A briefing has been sent to schools providing an update to the formula changes and an illustration as to how this will impact their funding based on the October 2021 census data.
- 5.8 This section sets out the changes that have been made in relation to the:
- Mandatory funding factors
  - Sparsity funding factor
  - Tightening of flexibilities
  - Minimum funding guarantee (MFG) and
  - Sets out proposals as to how the authority will manage affordability following receipt of the 2023-24 Allocation in December 2022.

## Mandatory Funding Factors

- 5.9 The DfE has updated the 15 allowable formula funding factors, of which eleven (previously five) are now compulsory. The table below sets out the changes and highlight which apply to Portsmouth.

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<sup>5</sup> Area Cost Adjustment factor 1.01421 or 1.421%

<b>Table 3; Mandatory Funding formula factors 2022-23 and 2023-24</b>				
<b>Formula factor</b>	<b>Mandatory 2022-23</b>	<b>Used by Portsmouth 2022-23</b>	<b>Mandatory 2023-24</b>	<b>Used by Portsmouth 2023-24</b>
Basic entitlement	Yes	Yes	Yes	Yes
Free School Meals (FSM)	Yes	Yes	Yes	Yes
Free School Meals Ever 6 (FSM)	Yes	Yes	Yes	Yes
IDACI	Yes	Yes	Yes	Yes
Prior attainment	No	Yes	Yes	Yes
English as a second Language (EAL)	No	Yes	Yes	Yes
Pupil mobility	No	Yes	Yes	Yes
Sparsity	No	No	Yes	Yes
Lump sum	No	Yes	Yes	Yes
Minimum level of per pupil funding	Yes	Yes	Yes	Yes
London Fringe	No	No	No	No
Split sites	No	No	No	No
NND Rates	No	Yes	No	Yes
Private Finance Initiative (PFI)	No	Yes	No	Yes
Exceptional circumstances	No	No	No	No

- 5.10 The main change is the inclusion of the Sparsity factor to the mandatory factor list. Further information on this factor and how it impacts Portsmouth is set out below.

### **Sparsity Factor**

- 5.11 This factor allocates funding to schools that are remote and are small based on the average year group. For each school it looks at the distance for all pupils for whom it is the nearest compatible school and the distance to the second nearest compatible school. If the distance **and** average year group are above the threshold set by the DfE the school will receive funding. Due to the urban nature of Portsmouth all schools are within the distance threshold and will not trigger any funding through this formula factor. However, to comply with the mandatory requirement the sparsity factor now forms part of the formula funding using the NFF factor values.

### **Tightening of flexibilities**

- 5.12 As part of the move to the hard NFF in 2027-28, the DfE has started to tighten some of the flexibilities local authorities have within the mainstream formula funding. For those authorities that are not mirroring the hard NFF (plus the ACA) they must move their formula factor values at least 10% closer to the NFF. This has a minimal impact on the Portsmouth formula where the NFF values plus the ACA are used on all formula factors except for the Lump sum. In recent years the value of the Lump sum has been increased above that of the NFF value to enable the authority to maximise funding going to schools. Applying the criteria provided

by the DfE the maximum level of the Lump sum that could be provided in 2023-24 would be £142,512.

### **Minimum Funding Guarantee (MFG)**

- 5.13 Local authorities will have the freedom to set a Minimum Funding Guarantee (MFG) in their local formula of between +0.0% to +0.5% per pupil, without application to the Secretary of State. The MFG is applied to the individual school funding formula after the minimum per pupil funding is applied.

### **Proposals for managing affordability**

- 5.14 The authority normally receives the initial funding allocation in mid to late December, which is too late to come back to Schools Forum and Cabinet Member to obtain any further formula approvals before presenting the final budget for approval in mid-January.
- 5.15 In the unexpected event that funding does not cover the cost of the funding formula to ensure that Officers are able to present an affordable budget to Schools Forum and the Cabinet Member it is proposed that the following factors would be adjusted:
- The area cost adjustment of 1.42% would either be reduced or not added to the NFF formula factor values.
  - The level of MFG would be reduced to a level lower than plus 0.5%, but not less than 0.0%.
- 5.16 In recent years the authority has had surplus funds to pass out to schools due to changes in national non-domestic rates, the disapplication request relating to the MFG for Charter Academy and a higher level of growth funding than expected. When there has been a surplus the funds have been passed to schools by increasing the Lump sum, as this has a minimal impact on the MFG.
- 5.17 In 2023-24 the authority is not expecting to have surplus funds as there are no adjustments to the MFG for Charter Academy as the school is now full, the administration of NNDR has been centralised removing the ability for the Schools Block to gain/or lose funding due to changes in rateable value, and the growth in pupil numbers is slowing.
- 5.18 Should there be surplus funds it is proposed that as in previous years the Lump sum factor is increased up to the value of £142,512 (paragraph 5.12) to maximise the funding going to schools. Any remaining funding would be placed in the growth fund.

## **6 Disapplication requests**

- 6.1 Each year, local authorities can submit disapplication requests to the ESFA, where strict adherence to the legislation as set out in the School and Early Years Finance (England) regulations (as amended each year), would generate perverse

results for specific schools. No disapplication requests have been submitted to the DfE for the financial 2023-24.

## **7 National Consultation regarding the implementation of the national fair funding formula 2023-24 onwards**

7.1 In June 2022 the DfE published a national consultation<sup>6</sup> setting out the proposals to move all mainstream schools on to a "Hard" National Funding Formula (NFF) in future years. The consultation closed on 9 September 2022. Due to the limited timescale the authority shared the draft response with a small working group of Schools Forum members before the response was shared with all mainstream schools from 2 September 2022 and schools were asked to let the authority know if they felt the response had missed anything, no later than 7 September 2022.

7.2 One comment was received from schools and included in the final response before submission to the DfE.

7.3 A copy of the Schools Forum response to the consultation can be found at Appendix 2.

## **8 High Needs Block**

8.1 Nationally the Government have increased High Needs funding by a further £570m on top of the £1bn provided in 2022-23. The DfE has advised that each local authority should see an increase in their High Needs Block funding of 5% per head of population, using the 2022-23 high needs allocations<sup>7</sup> as a baseline. The DfE has also set a gains cap of 7%.

8.2 Indicative funding published by the DfE in June 2022 provides Portsmouth with an increase in funding of 5.9%<sup>8</sup> when compared to 2022-23.

8.3 The basic structure of the High Needs NFF for 2023-24 is not changing, however, there are some technical changes to the data for two individual proxy factors which are set out below:

- **The historic spend factor**, following the change in 2022-23 to use 50% of actual historic spend rather than budgeted expenditure, the DfE have decided to keep this factor as the same cash value in 2023-24 as in 2022-23. When combined with the increase in overall funding the proportion of total funding through this factor has

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<sup>6</sup> Implementing the direct national funding formula. [Implementing the direct national funding formula - Department for Education - Citizen Space](#)

<sup>7</sup> December 2021 allocation including the supplementary grant and excluding basic entitlement, import/export adjustment and hospital education.

<sup>8</sup> The funding floor and cap on gains calculation excludes funding for basic entitlement, import/export adjustment, hospital education and the AP settings TPG and TPECG funding. Portsmouth City Council receives the full 7% on the other formula factors.



reduced from 31% (2022-23) to 29% (2023-24). Even with this adjustment Portsmouth's indicative allocation exceeds the funding cap of 7% and therefore there is not a negative impact in 2023-24. The DfE have stated they will continue to look at reducing the significance of this factor in future years and replacing it with alternative proxies following consultation.

- **Key Stage 2 and Key Stage 4 low attainment factors**, as with the mainstream formula, due to Covid-19 there is no appropriate attainment data for the low attainment factors, therefore for 2023-24 the DfE are using the 2019 attainment data to calculate funding to local authorities.

8.4 The actual funding allocation for 2023-24 will not be known until December 2022 and will be adjusted for the latest pupil census information.

### **High Needs Funding for Schools**

8.5 The DfE issued the High Needs Funding:2023 to 2024 operational guidance in July 2022, it was updated in October 2022. The operational guidance confirms that:

- Local authorities must allocate the teachers pay and pension grants to Special Schools, Alternative Provision academies on a per place basis according to the agreed number of funded places in the financial year 2023-24. This funding will be excluded from the Special School MFG calculation.
- That the MFG for Special schools must be set at a rate of 3% of the combined place and pupil funding against the 2021-22 baseline.

8.6 Discussions regarding the number of High Needs places required in the academic year 2023-24 are in progress with Special Schools, Inclusion Centres, Colleges and Alternative Provision settings. The High Needs Place proposals and Element 3 Top-up values for Special Schools, Alternative Provision settings, Inclusion Centres and mainstream pupils with Education Health and Care plans (EHCP) will be brought to future meetings as part of the Dedicated Schools Grant budget approval process.

## **9 Central Schools Services Block**

9.1 The Central Schools Services Block (CSSB) supports the following budgets:

- Admissions
- Central licences provided by the DfE
- Schools Forum
- Education support grant retained duties for all schools
- Teachers pay and pensions grant centrally employed teachers.

9.2 From 2022-23 the funding of the Teachers Pay and Pensions grants for centrally employed teachers was rolled in to the per pupil rate funded by the DfE. This

funding is now included in the baseline per pupil funding and no further adjustments will be made in future years.

- 9.3 The authority is expected to receive an increase of £22,000 due to an increase in the per pupil funding rate to £40.40, an increase of 2.20%. The authority will utilise the increase to fund an inflationary increase in central licences, to support the Admissions Service and the retained duties for all schools.

## **10 Early Years Block Funding**

- 10.1 To date the DfE has not issued any guidance in relation to the Early Years Block for 2023-24. It is expected that the authority will receive this guidance in December 2022. Once this has been published, an update will be brought to Schools Forum and the Cabinet Member for Children Families and Education.
- 10.2 In July 2022 the DfE issued a consultation "Early Years Funding Formulae" which set out several proposals regarding the way in which authorities are funded, some of which, if implemented could impact on the authority's funding in 2023-24. The consultation closed in September 2022 and the DfE have said that if the proposals are implemented, they will notify authorities in December 2022. This leaves little time for consultation with early years providers before the 2023-24 budget needs to be approved. A consultation has been circulated to providers setting out the proposed action the authority will take should the suggested changes to the funding happen. A copy of the consultation is included in Appendix 3 and the results, and the proposals will be brought to the January Schools Forum and Cabinet Member meetings.

## **11 Reasons for recommendations**

- 11.1 The purpose of this report is to provide an update on the latest developments in respect of the future school revenue funding arrangements for 2023-24 onwards. The report also seeks endorsement to the proposals for implementing these arrangements locally, in order to ensure that they comply with the requirements of both the DfE's operational guidance and the School and Early Years Finance (England) Regulations.

## **12 Integrated impact assessment**

- 12.1 An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity.
- 12.2 This report and the proposals within form part of, and are consistent with, the national implementation of the schools and high needs National Funding Formula as directed by the Department of Education and set out in the School and Early Years Finance (England) Regulations 2022.

- 12.3 The DfE has conducted a full Equality Impact Assessment which is attached to the Policy document and can be found on their website<sup>9</sup>. The funding system does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.

### **13 Legal implications**

- 13.1 There are no legal implications arising directly from the recommendations in this report.

### **14 Director of Finance's comments**

- 14.1 Financial comments and implications are included in the body of this report.

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Signed by: Sarah Daly, Director Children, Families and Education

#### **Appendices:**

Appendix 1: Portsmouth Rates to National Funding Rates Comparison Table 2022/23 to 2023-24

Appendix 2: Portsmouth Schools Forum response to the National Consultation "Fair funding for all; completing our reforms to the National Funding Formula"

Appendix 3: Consultation with Early Years providers regarding 2023-24 funding.

#### **Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
School and Early Years Finance (England) Regulations 2022	<a href="https://www.legislation.gov.uk">The School and Early Years Finance (England) Regulations 2022 (legislation.gov.uk)</a>
The National Funding Formulae for Schools and High Needs 2023-24 (published 24 July 2022) - Policy Document	<a href="https://publishing.service.gov.uk">The national funding formulae for schools and high needs (publishing.service.gov.uk)</a>

<sup>9</sup> [The national funding formulae for schools and high needs \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Schools revenue funding 2023 to 2024: Operational Guide (published July 2022)	<a href="https://www.gov.uk/government/publications/schools-operational-guide-2023-to-2024">Schools operational guide: 2023 to 2024 - GOV.UK (www.gov.uk)</a>
High Needs Funding: 2023 to 2024 Operational Guidance (published 10 August 2022)	<a href="https://www.gov.uk/government/publications/high-needs-funding-2023-to-2024-operational-guide">High needs funding: 2023 to 2024 operational guide - GOV.UK (www.gov.uk)</a>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:

**Appendix 1 - Portsmouth Rates to National Funding Rates Comparison Table 2022/23 to 2023-24**

Funding Factors	Payable for:	Unit rate 2022-23*		Unit Rate 2023/24	
		Primary £	Secondary £	Primary £	Secondary £
<b>Basic Entitlement</b> Number on Roll (NOR) NOR Key Stage 3 NOR Key Stage 4	Primary including reception Key stage 3 pupils Key stage 4 pupils	3,263	4,601 5,185	3,394	4,785 5,393
<b>Deprivation</b> Free School Meals Free School Meals Ever 6	Free School Meals (FSM) Free School Meals Ever 6	477 599	477 878	480 705	480 1,030
IDACI A	Pupils ranked between 1 and 821	650	903	670	930
IDACI B	Pupils ranked between 822 and 2,463	497	710	510	730
IDACI C	Pupils ranked between 2,464 and 4,105	467	660	480	680
IDACI D	Pupils ranked between 4,106 and 5,747	426	604	440	620
IDACI E	Pupils ranked between 5,748 and 9,032	274	432	280	445
IDACI F	Pupils ranked between 9,033 and 12,316	224	325	230	335
<b>Prior attainment</b> Primary	Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)	1,147		1,155	
Secondary	Pupils not achieving the expected standard in Key Stage 2 at either reading, writing or maths		1,735		1,750
<b>English as an additional Language</b>	EAL eligible pupils who started school within the last 3 years	574	1,552	580	1,565
<b>Mobility</b>		939	1,349	945	1,360
<b>Sparsity</b>		0	0	56,300	81,900
<b>Lump Sum</b>	Flat rate per school	137,124	137,124	128,000	128,000

\*Note: the 2022-23 rates represent the values for Portsmouth schools based on the national NFF rates plus the area cost adjustment of 1.01419.

**Appendix 1 - continued**

<b>Minimum per pupil funding level comparison table 2022-23 to 2023-24</b>			
<b>Phase</b>	<b>Per pupil funding level 2022-23</b>	<b>Per pupil funding level 2022-23</b>	<b>Change</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Primary	4,265	4,405	140
Secondary	5,525	5,715	190
All Through	4,790	4,950	160
KS3 only schools	5,321	5,503	182
KS4 only schools	5,831	6,033	202

## **Appendix 2 - Portsmouth Schools Forum response to the national consultation "Implementing the direct national funding formula"**

### **Question 1**

***Do you agree that local authorities applications for transfers from mainstream school to local education budgets should identify their preferred form of adjustment to NFF allocations from a standard short menu of options?***

- **Yes:**           X
- **No:**
- **Unsure:**

#### **Question 1 Comments**

*This seems a logical approach and provides consistency across the country.*

### **Question 2**

***Do you agree that the direct NFF should include an indicative SEND Budget, set nationally rather than locally?***

- **Yes:** X
- **No:**
- **Unsure:**

#### **Question 2 Comments**

*Agree in principle but further consultation is required to ensure that the factors used provide consistency and equity across all schools, so that schools don't see their "notional" funding reducing.*

### **Question 3**

***Do you have any comments on the proposals to place further requirements on how local authorities can operate their Growth and Falling rolls funding?***

***Growth funding:*** - There needs to be a level of flexibility regarding any unspent balances on the growth fund as authorities may have planned to use underspend to fund future years commitments.

***Falling rolls:*** - We currently do not run a falling rolls fund as the criteria is too restrictive to make it work effectively. It is not clear from the consultation document if it is a requirement for a local authority to have a falling rolls fund

***Falling rolls:*** - We are seeing a general reduction in the primary population which will impact on schools over the next few years. Whilst the authority does not currently operate a falling rolls fund, there may be a requirement in future years if we can see a forecast increase in primary population. Restricting the criteria to only those schools with a good and outstanding Ofsted judgement may create a problem for those schools who are seeing a general population reduction along with a reduction

*in pupil numbers due to performance. This could make it financially challenging for the school to recover and achieve an improved judgement in the future. One of the drivers for stopping the falling rolls fund was that the schools who were seeing falling rolls also had poor Ofsted judgments and were not able to provide funding despite the knowledge that we would need the places in future years*

#### **Question 4**

***Do you believe the restriction that falling rolls funding can only be provided to schools judged good or Outstanding by Ofsted should be removed?***

Yes    **X**

No

Unsure

#### **Question 5**

***Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?***

*If local authorities are required to provide both a growth and falling rolls fund, then it seems a sensible approach to provide funding where pupil numbers are seeing a significant reduction.*

*Spending patterns are not always a good indicator of the funding requirement in future years, any change to the baseline needs to be reviewed in conjunction with future pupil projections.*

#### **Question 6**

***Do you agree that we should explicitly expand the use of growth and falling rolls funding to supporting local authorities in repurposing and removing space?***

- Yes
- No
- Unsure

#### **Question 7**

***Do you agree that the Government should favour a local, flexible approach over the national standardised system for allocating growth and falling rolls funding and that we should implement the changes for 2024-25?***

- Yes - **X**
- No
- Unsure



**Question 8**

***Do you have any comments on the proposed approach to popular growth?***

*Agree that this should be available to maintained schools, particularly where they have seen an increase in popularity due to improved performance data.*

**Question 9**

***Do you agree we should allocate split site funding on the basis of both a schools and basic eligibility and distance eligibility?***

- Yes ☒
- No
- Unsure

**Question 10**

***Do you agree with our proposed criteria for split site basic eligibility?***

- Yes ☒
- No
- Unsure

**Question 11**

***Do you agree with our proposed split site distance criterion of 500m?***

- *The distance criteria should be shorter*
- ***That it is about the right distance***
- *The distance criteria should be longer*
- Unsure

**Question 12**

***Do you agree with the total available split sites funding being 60% of the NFF lump sum factor?***

- *The funding should be higher*
- ***That is about the right amount of funding***
- *The funding should be lower*
- Unsure

**Question 13**

***Do you agree that the distance eligibility should be funded at twice the rate of basic eligibility?***

- *The distance eligibility should be given a higher weighting*
- *That is about the right weighting*
- ***The basic eligibility should be given a higher weighting***

- *Unsure*

#### **Question 14**

***Do you agree with our proposed approach to data collection on split sites?***

- **Yes**   **X**
- No
- *Unsure*

#### **Question 15**

***Do you have any comments on our proposed approach to split site funding?***

*This is an additional data collection burden on local authorities at a very busy time and should be funded.*

*How will the additional costs for authorities who have not been funding split sites, but now will have schools that fall into the split site criteria, be managed? Will the Schools Block be increased to reflect those eligible schools, or will the authority have to manage within the current funding envelope?*

#### **Question 16**

***Do you agree with our proposed approach to the exceptional circumstances factor?***

- **Yes**   **X**
- No
- *Unsure*

#### **Question 17**

***Do you have any comments on the proposed approach to exceptional circumstances?***

*No.*

#### **Question 18**

***Do you agree that we should use local formulae baselines (actual GAG allocations, for academies) for the minimum funding guarantee in the year that we transition to the direct NFF?***

- **Yes**   **X**
- No
- *Unsure*

#### **Question 19**

***Do you agree that we should move to using a simplified pupil led funding protection for the MFG under the direct NFF?***

- Yes **X**
- No
- Unsure

#### **Question 20**

***Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?***

*This makes sense and saves authorities having to put in disapplication requests*

#### **Question 21**

***What do you think will be most useful for schools to plan their budgets before they receive confirmation of their final allocations (i) notional allocations or a calculator tool?***

- Notional allocations
- Calculator tool
- **Unsure**

#### **Question 22**

***Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget planning?***

##### ***Timetable***

*Further clarification regarding the timing of growth funding announcements needs to be provided, as a local authority this is normally agreed as part of the overall DSG budget and the funding issued to school early in the financial year. Receiving this information later than December could impact when schools receive the funding and therefore their ability to appoint staff.*

*If the DfE are no longer issuing the APT to local authorities, to support authorities to collect, verify and provide any additional data requirements in a timescale to meet the DfE timetable for publishing school budget shares, then submission deadlines need to be prior to school holidays, when the contacts are around to verify data.*

##### ***Notional Allocations***

*It makes sense to publish the notional allocations based on the previous years pupil numbers and characteristics as this will help schools plan.*

##### ***Calculator tool***

*Whilst a calculator tool may be helpful, it does need to consider the weighting of the different pupil characteristics and how they feed into the formula. The DfE also need to consider the support and training that would be available to schools who access this calculator.*

**Question 23**

***Do you have any comments on the two options presented for data collections in regard to school reorganisations and pupil numbers? When would this information be available to local authorities to submit to the DfE?***

*If schools are reorganising local authorities tend to know in advance and the impact built into the APT model shared with them in July/August, this modelling is then used to populate the December APT to limit the amount of work that needs to be completed over a short period of time. If the DfE is stopping the December APT when they move to a direct NFF then it would be beneficial to move the data collection to earlier in the autumn term, perhaps populated with the previous October's pupil numbers to help with calculations. This provides more time for clarification of the data with colleagues in other parts of the authority and schools (both of which don't tend to be around over the late December/early January period). This could be submitted early December to the DfE.*

**Question 24**

***Regarding De-delegation, would you prefer the department to undertake one single collection in March covering all local authorities or several smaller bespoke data collections for mid-year convertors?***

- *One single data collection*
- *Several smaller bespoke data collections*
- ***Unsure***

**Question 25**

***Do you have any further comments on our proposals regarding the timing and nature of data collections to be carried out under a direct NFF?***

**Question 24:** *Whilst it makes sense to make a single data collection, March is a bad month as the focus moves to the financial year end for local authorities. De-delegation values per pupil are normally agreed with Schools Forum in January following the issue of the October census and APT in December. A local authority will know the amount it wishes to de-delegate in total, will have consulted with schools over the autumn term, then uses the October census to confirm values. It is not clear why we would wait until March to notify the DfE of this information.*

## **Appendix 3 - Early Years consultation**

### **1. Early Years funding 2023-24**

- 1.1. In July 2022 the Department for Education (DfE) released a consultation "Early Years funding Formulae"<sup>10</sup> proposing changes to the data behind the formula funding of the Early Years Block of the Dedicated Schools Grant (DSG) received by local authorities.
- 1.2. The consultation closed on 16 September 2022 and the DfE have stated that they will issue the Government's response and confirm the final 2023-24 hourly funding rates for local authorities in autumn 2022.
- 1.3. In previous years the DfE has not released this information until mid-December making it difficult for Portsmouth to engage with early years providers over the holiday period, in time to meet the statutory deadlines.
- 1.4. This year Portsmouth is consulting with providers on the proposals for the 2023-24 funding formula before the announcement from the DfE to enable providers to submit their views. This will then inform the proposals that are taken to Schools Forum and Cabinet Member for endorsement and approval in early 2023.
- 1.5. It should be noted that the financial values and the hourly rates quoted in this document are indicative and based upon the modelling provided by the DfE as part of the national consultation. They are subject to change dependant on the outcome of the consultation and the funding allocations issued by the DfE in December 2022.

### **2. Background**

- 2.1. The Department for Education introduced the Early Years National Funding Formula (EYNFF) in April 2017. Funding is paid to local authorities for eligible two year olds and the three and four year olds (universal and additional hours) based on an hourly rate. The hourly rates are calculated by the DfE using one of two formula, which use underlying data sets. The data sets have not been routinely updated since 2017 and do not reflect the latest information and thus do not target funding where it is most needed. The national consultation provides proposals on updating the data sets. This consultation provides a brief overview of the national proposals and explains how Portsmouth proposes to update the local formula to reflect those changes.

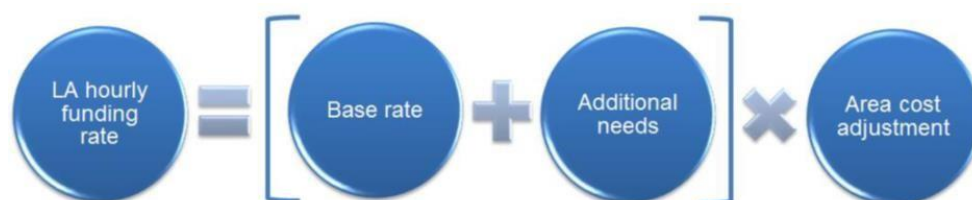
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<sup>10</sup> [Early years funding formulae - Department for Education - Citizen Space](#)

- 2.2. It should be noted that the proposals relate to the funding received by local authorities. The DfE is not proposing to change the formula as to how funding is passed to early years settings.

### 3. National Changes to funding for three and four year olds proposed in the DfE consultation

- 3.1. The diagram below sets out how the three and four year old hourly rate for the local authority is calculated.



- 3.2. The DfE is proposing to update the data sets underlying the additional needs element of the formula to reflect the most recent data available, along with the percentage weighting for each of the factors. The table below shows the underlying factors and their weighting that make up the final hourly rate paid to the authority for three and four year olds.

<b>Table 1: National Formula Factor weightings (3 and 4 Year olds)</b>		
<b>Formula Factors</b>	<b>Percentage weighting 2017-18</b>	<b>Percentage weighting 2023-24</b>
	<b>%</b>	<b>%</b>
Basic Hourly rate	87.4	89.5
<b>Additional needs data</b>		
Free school meals supplement	10.0	10.5
English as a second language	1.3	1.5
Disability Living Allowance	1.3	1.0

- 3.3. In addition, the DfE are proposing to update the data underlying the factors used to calculate the Area Cost Adjustment (ACA) which is used as a multiplier to reflect relative difference in costs in different areas of the country, such as staff and premises costs.
- 3.4. The changes will cause some authorities to see either gains or losses in their funding. To help smooth the transition, the DfE have proposed that, when measured against the 2022-23 base line, all authorities would see an increase in the hourly rate of 1%, and a cap on gains of no more 4.5% on the three and four year old hourly rate.

- 3.5. If the changes are implemented, the overall impact of these changes is a proposed increase in the hourly rate received by Portsmouth for three and four year olds from £5.00 per hour to £5.23 per hour.

#### **4. Portsmouth proposals for implementing the three and four year old funding for 2023-24**

- 4.1. If the DfE implements the national consultation proposals and Portsmouth receives £5.23 per hour for three and four year olds. It is proposed that the funding will be allocated as set out in the table below.

<b>Table 2: Three and Four-year-old funding formula.</b>				
	<b>2022-23 (£)</b>	<b>2022-23 Percentage split</b>	<b>2023-24 (£)</b>	<b>2023-24 Percentage split</b>
Basic hourly rate paid to providers	4.45	89%	4.67	89%
Deprivation average hourly rate	0.20	4%	0.20	4%
SEN Inclusion fund	0.04	1%	0.04	1%
Growth contingency fund	0.06	1%	0.06	1%
<b>Total funding passed to settings</b>	<b>4.75</b>	<b>95%</b>	<b>4.97</b>	<b>95%</b>
Centrally retained	0.25	5%	0.26	5%
<b>Total</b>	<b>5.00</b>	<b>100%</b>	<b>5.23</b>	<b>100%</b>

- 4.2. This would provide **an hourly rate of £4.67 for three and four year olds.**

#### **Deprivation**

- 4.3. Deprivation remains a mandatory supplement. The Council is proposing to continue to use the current deprivation indices based on pupil IDACI<sup>11</sup>. Deprivation rates will remain at the same values as 2022-2023, to enable the authority to maximise the amount paid through the basic hourly rate.

<sup>11</sup> Income Deprivation Affecting Children Index.

<b>Table 3: Deprivation funding 2023-24</b>	
<b>Deprivation Band</b>	<b>Funding per hour £</b>
1	0.45
2	0.34
3	0.22
4	0.11
5	0.00

### **SEND Inclusion funding for low and emerging needs**

- 4.4. The three and four year old formula provides funding to early years settings to support pupils with low and emerging special educational needs. This fund will continue to operate as in previous years.

### **Growth contingency**

- 4.5. The DfE have confirmed that local authorities can hold contingency funds for in-year growth above the funded pupil numbers. This will be counted within 95% pass-through rate because the money is eventually shared with providers.
- 4.6. The Early Years January 2022 census showed an increase in the number of hours, this is expected to continue. For the financial year 2023-24 Portsmouth City Council will initially be funded on the January 2022 hours, with a mid-year adjustment for January 2023 hours. There is a risk that as the year progresses that the actual hours provided by early years settings will exceed the funding received by the authority. It is therefore necessary to hold a contingency for any potential in year growth in hours funded by the authority. Based on the growth contingency values in tables 2 and 4, this would provide funding for an additional 13 full time equivalent (FTE) two year olds and 51 FTE three and four year-olds.

### **Centrally retained**

- 4.7. As set out in the regulations, the authority can retain up to 5% of the Early Years Block funding to support the early years functions. In 2022-23 the council retained 5% of the funded hourly rate. To help maintain the level of support for 2023-24, the council will continue to retain 5% of the 2023-24 hourly funded rate.



## Supplementary Grant

- 4.8. Along with the changes to the underlying data, the government are proposing a change to the methodology for paying the Teachers Pay and Teachers Pension Employer Contributions Grant (TPPG) to those mainstream school providers with a nursery unit. Current eligible schools receive this as a separate grant which is funded on an amount per pupil. The DfE are proposing to bring the grant into the Early Years block of the DSG and authorities would then pay the funding as a supplement to the Early Years formula.
- 4.9. If the DfE proposal is approved, the authority would receive funding which would equate to the current funding provided via the current grants (TPPG) in 2022-23. The DfE consultation did not set out the parameters as to how the supplement would be paid but it is expected that the funding would only apply to those providers who were eligible from 2019 when it was first introduced.
- 4.10. The financial modelling provided as part of the DfE consultation suggested that if agreed, Portsmouth would receive an additional £0.03 per hour, totalling approximately £80,000.
- 4.11. If the DfE includes the grant in Early Years block in 2023-24, we will distribute the funding according to the parameters set out by the DfE.

## 5. National Changes to funding for two year olds proposed in the DfE consultation

- 5.1. Unlike three and four year old funding, the two year old funding is made up of a national hourly rate multiplied by an area cost adjustment (ACA), as shown in the diagram below.



- 5.2. Like the three and four year old funding, all authorities would see an increase in the hourly rate of 1% on the 2022-23 base line, and an increase of no more 8.6% on the two year old hourly rate when compared to the 2022-23 baseline.

- 5.3. The overall impact of these changes if implemented by the DfE, is a proposed increase in the hourly rate received by Portsmouth for two year olds from £5.80 per hour to £6.30 per hour.

## 6. Portsmouth proposals for implementing two year old funding for 2023-24

- 6.1. If the DfE implements the national consultation proposals and Portsmouth receives £6.30 per hour for two year olds. It is proposed that the funding will be allocated as set out in the table below.

<b>Table 4: Two-year-old funding formula.</b>				
	<b>2022-2023 (£)</b>	<b>2022-23 Percentage split</b>	<b>2023-2024 (£)</b>	<b>2023-24 Percentage split</b>
Basic hourly rate paid to providers	5.38	93%	5.82	92%
SEN Inclusion fund	0.04	1%	0.04	1%
Growth contingency fund	0.13	2%	0.13	2%
<b>Total funding passed to settings</b>	<b>5.55</b>	<b>96%</b>	<b>5.99</b>	<b>95%</b>
Central retained funding	0.25	4%	0.31	5%
<b>Total</b>	<b>5.80</b>	<b>100%</b>	<b>6.30</b>	<b>100%</b>

- 6.2. This provides **an hourly rate of £5.82 for two year olds.**

- 6.3. The formula for Portsmouth includes:

- an 'inclusion fund' which will operate in-line with that for three and four year olds by providing support to pupils with low and emerging special needs.
- Growth contingency fund, as per the three and four year old formula
- In line with the three and four year old formula the authority is proposing to retain 5% centrally to support the provision of support and services to the early years sector.

## 7. What the authority will do if the funded hourly rates are different from the published consultation rates.

- 7.1. The indicative hourly rates published by the DfE in the summer 2022 as part of the consultation, reflect the consultation proposals. It is possible that following the consultation the DfE may issue different hourly rates for the 2023-24 funding allocation to Portsmouth.
- 7.2. In this case the authority proposes to split the published hourly rates over the formula on the same percentage basis as the proposals in this

document (see tables 2 and 4), table 5 below sets out the proposed percentage split.

**Table 5: Three and Four-year-old funding formula.**

	<b>2023-24 Two year old hourly rate Percentage split</b>	<b>2023-24 Three and four year old hourly rate Percentage split</b>
Basic hourly rate paid to providers	92%	89%
Deprivation average hourly rate	0%	4%
SEN Inclusion fund	1%	1%
Growth contingency fund	2%	1%
<b>Total funding passed to settings</b>	<b>95%</b>	<b>95%</b>
Centrally retained	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## 8. Next steps

- 8.1. The authority expects to receive the outcomes of the national consultation in mid-December 2022, along with the Early Years Block indicative funding allocation for 2023-24. . The feedback provided from this consultation will inform the report to Schools Forum and Cabinet Member early in 2023 to set the hourly rates for two year olds and three and four year olds for 2023-24.
- 8.2. When responding to the consultation please be aware that your response may be shared in the public domain, e.g., via a Freedom of Information request, therefore please don't share information that may be commercially sensitive or you would not want shared wider.
- 8.3. To respond to the consultation, please complete the attached document and return to [EYfunding@portsmouthcc.gov.uk](mailto:EYfunding@portsmouthcc.gov.uk)
- 8.4. Responses should be returned no later than close of play **Friday 9 December 2022**.

## Early Years Consultation Response Form 2022

**Provider Name:** .....

<b>1. Do you agree with the proposed 2023-24 funding formula for three and four year olds, as set out in Table 2?</b>	Yes	No
If not, what would you change?		
<b>2. Do you agree with the proposed 2023-24 funding formula for two year olds, as set out in Table 4?</b>	Yes	No
If not, what would you change?		
<b>3. Do you agree with the proposal that if the two, three and four year old hourly rates provided in the 2023-24 funding is different from the hourly rates proposed in the consultation, that the authority funding formula provides the same percentage split?</b>	Yes	No
If not, what would you change?		