

Title of meeting: Schools Forum

Date of meeting: 9 February 2023

Subject: Dedicated Schools Grant Budget 2023-24

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

Wards affected: All

Key decision: Yes/No

Full Council decision: Yes/No

1 Purpose of report

1.1 The purpose of this report is to:

1.1.1 Inform Schools Forum of the initial determination of the Dedicated Schools Grant budget (including individual schools budgets) for 2023-24 and to seek the necessary approvals and endorsements required.

2 Recommendations

2.1 It is recommended that Schools Forum:

2.1.1 Endorse the initial determination of the Schools Budget for 2023-24 as set out in Appendix 1.

2.1.2 Endorse the 2023-24 Element 3 Top-up values for Special Schools, Inclusion Centres, Alternative Provision settings and Mainstream schools, as set out in Appendix 2.

2.1.3 Endorse the proposal that any carry forward of balances from 2022-23 to be used to assist with the revenue costs associated with the planned increase in high needs places, specifically The Wymering School, the continued introduction of the funding reform changes and fund any potential financial pressures arising during 2023-24.

3 Background and previous decisions

3.1 The Dedicated Schools Grant (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 The School and Early Years Finance (England) Regulations 2023 require each local authority, by no later than 28th February 2023, to:

3.2.1 Make an initial determination of its schools budget; and

3.2.2 Give notice of that determination to the governing bodies of the schools which it maintains.

3.3 In January 2023 the Cabinet Member approved and Schools Forum endorsed, a number of decisions regarding the Schools Block including mainstream school budgets, the Central Schools Support Block and the Early Years Block budgets.

3.4 This report provides Schools Forum with the background and proposed changes to the remaining High Needs Block budgets for 2023-24.

4 Dedicated Schools Grant

4.1 The determination of the 2023-24 Dedicated Schools Grant is set out in Appendix 1.

4.2 On the 16 December 2022 the ESFA announced the Dedicated Schools Grant Allocation for Portsmouth for 2023-24, details of which were reported to Schools Forum and Cabinet Member in January 2023.

5 High Needs Block 2023-24

5.1 As reported in January 2023 the High Needs Block for 2023-24 contains a grant called 'Additional Grant' of £1.5m. Unlike previous years the DfE have been specific about the methodology in how the additional grant should be distributed to Special Schools, additionally they require a minimum funding guarantee (MFG) of plus 3% against the 2021-22 baseline is applied to special schools for 2023-24.

Additional Grant

5.2 The 2023-24 Additional Grant has been applied in accordance with the methodology set out by the DfE in the operational guidance. For Special Schools this includes 3.4% per place based on £10,000 multiplied by the number of places for the 2023-24 financial year and 3.4% on the average Element 3 Top-up value paid in the 2022-23 financial year multiplied by the number of places in the 2023-24 financial year. As Wymering wasn't open in the 2022-23 financial year, the grant is paid based on the budgeted average Element 3 Top-up.

5.3 For Alternative Provision settings, again the grant is paid on 3.4% per place plus 3.4% on the published income data returned for 2021-22. As the Portsmouth Alternative Provision settings are part of either a Special School (The Harbour School) or a mainstream school (Flying Bull Primary Academy) the data is not published. To ensure that the funding received by both Alternative Provision settings is equitable, the authority has budgeted for 3.4% on place funding plus 3.4% on the 2022-23 place funding multiplied by the number of places for 2023-24 financial year.

5.4 In line with the guidance, the Additional Grant for Hospital and Medical service is calculated as 3.4% on the contract value for The Harbour School.

- 5.5 The grant is not added to the Element 3 top-up but will be paid as a separate grant to schools. Details of how this will be paid to schools will be set out in the High Needs guidance for 2023-24 which will be sent to schools in February.

Place Funding

- 5.6 In January 2023 Schools Forum endorsed and the Cabinet Member approved the number of places for High Needs settings, and the budget is reflected in Appendix 1.

Element 3 Top-up

- 5.7 The Element 3 top-up rates for 2023-24 for Special Schools, Inclusion Centres, Alternative Provision settings and Mainstream Schools are set out in Appendix 2.

Special Schools

- 5.8 For the 2023-24 financial year the DFE have set a plus 3% minimum funding guarantee (MFG) for special schools on Place funding and Element 3 funding, when compared to the 2021-22 baselines. The 2023-24 Element 3 top-up rates include an increase (£234,600) to ensure that this requirement is met. This replaces the requirement to pay anything for the 2022-23 Supplementary Grant. However, when a comparison of funding was undertaken, this would have meant an overall reduction in funding compared to 2022-23. Therefore, an additional £0.6m has been added to the overall Element 3 budget and divided by the projected numbers and added to the bands. This has given an additional funding per band of between £781 to £1,017 depending on the school.

- 5.9 This then gave a baseline against which any additional inflation could be added, of which 3% on the 2022/23 rates has been calculated. The overall budget also includes the associated Element 3 top-up for the places at the new Wymering Special School due to open in April 2023 (which is being funded by the DSG carry forward), along with an estimated increase in the level of need as seen in previous years.

Inclusion Centres

- 5.10 Following the introduction in April 2021 of the banded funding system for Inclusion Centres the 2023-24 budget reflects the assessed level of need of pupils recorded on the Summer 2022 class lists. Along with the estimated funding (based on the proportion of pupils in each band during the 2022 summer term) associated with the additional places from September 2023. A 6.4% increase on the Element 3 Top-up bands, plus a flat rate of £204 has been applied to each band, this reflects the increase that has been applied to Special Schools. The value for each band is set out in Table D in Appendix 2.

Alternative Provision

- 5.11 A 3% increase has been applied to the Alternative Provision top up values, which are set out in Table D, Appendix 2. Pupil numbers are estimated on the full time equivalent pupils placed by the local authority at the Harbour School and the four emergency places locally commissioned at Flying Bull AP unit. This is in addition to the Additional Grant which will be paid separately by the authority.

Mainstream Schools

- 5.12 The budget for 2022-23 reflects the assessed level needs via the banding assigned to pupils during the first part of the 2022-23 financial year. Additionally, it includes continuing growth based on the level of growth seen during 2022-23. To provide equity with Special Schools an increase of 6.4% has been applied to the band values, plus a flat rate of £204 to each band for 2023-24, as set out in Table E in Appendix 2.

Post-16 top-up and places

- 5.13 In September 2021 Highbury College amalgamated with Portsmouth College to provide a single post-16 offer in the city. The place funding budget contains provision for 150 places, plus an additional 43 places (£172,000) from August 2023 for the 2023-24 academic year. Funding for post-16 college places is recouped from the high needs block and paid direct to the college by the ESFA.
- 5.14 The associated Element 3 Top-up funding has been adjusted to reflect the reduction in Element two funding due to the change in place numbers and to reflect expected growth in pupils in the 2023-24 academic year.
- 5.15 The annual Import/Export adjustment to the High Needs Block may provide funding to support these increases in post-16 provision, but at this stage it is not possible to predict the overall adjustment.

Out of City placements

- 5.16 This budget contains funding for pupils who are placed in independent and specialist provision out of the City and those in receipt of services from the Child and Adolescent Mental Health Service (CAMHS).
- 5.17 The budget reflects the pupils currently placed in independent and specialist providers who are expected to continue in those placements for the coming financial year. It reflects the increase in the number of high cost placements which reflects the increased levels of need and support provided. In addition, the 2023-24 budget includes growth for further high cost places, plus inflation on the cost of placements over the course of the 2023-24 financial year.
- 5.18 The budget reflects the number of pupils currently placed in CAMHS settings and assumes that the number of pupils will grow over the course of the 2023-24 financial year. As at December 2022 the average forecast cost per place was £4,500, and the budget has been set using the average cost per place with a provision for inflation.

Hospital and medical education

- 5.19 The authority commissions the Harbour School to provide tuition to those pupils who are in hospital, or unable to attend school due to a decision made by a medical practitioner. The funding for 2023-24 remains at £660,000 for this provision.
- 5.20 In May 2021 a report was brought to Schools Forum which reported the success of the AV1 robots in supporting remote learning and engagement of pupils unable to attend school for medical reasons. The authority has now purchased the

original six robots and the budget contains the annual maintenance cost for these robots, in addition to funding to extend the project by a further five robots during 2023-24.

Supplementary Funding 2023-24

- 5.21 As previously mentioned, the supplementary funding provided to Special Schools in 2022-23 has been included in the Element 3 Top-up. Funding for Alternative Provision settings cannot be added to the Element 3 Top-up values as these are paid by schools rather than the authority. Funding will be paid as a separate grant in 2023-24 at £1,305 per place. In addition to the funding for Alternative Provision settings, the grant also provides additional support to Post 16 colleges, other local authority special schools and other specialist independent provision.

Early Years Complex Needs Inclusion Fund

- 5.22 The Early Years Complex Needs Inclusion Fund was established in September 2019 to support those early years' pupils with complex needs in mainstream settings, enabling a wider provision of services following the closure of Willows Centre for Children.

- 5.23 Since the budget was set up, the demand on this budget has continued to grow. The proposed budget includes funding for those pupils already in receipt of funding and expected to continue to require funding for the 2023-24 financial year. An element of growth has been included for 2023-24 based on the growth seen over the 2022-23 financial year.

- 5.24 Discussions with the Inclusion and Early Years teams have highlighted the increased level of need in this area, which if not addressed will transfer to the mainstream primary sector. The Portage and Portage plus offer has been increased to ensure Early Years settings and families continue to have access to the support they require.

SEND Hub

- 5.25 In February 2020, Schools Forum endorsed, and the Cabinet Member approved the establishment of a SEND "Monitoring and Review" Hub to work on behalf of Schools Forum to ensure value for money within the High needs provision both in the City and with Out of City providers. The increasing pressure on the High Needs Budget means that this is no longer affordable in 2023-24. The authority has agreed to take over the funding of this team from September 2023. As at the end of December 2022, there is a forecast underspend of £70,000 on this budget which will be returned to the DSG and will form part of the carry forward balance. It is proposed to use this carry forward to continue to support the team until August 2023.

Other High Needs DSG Budgets

- 5.26 The following budget increases are proposed:
- Outreach: £4,200 to reflect the increase in salary costs.
 - Portage: £162,900 to reflect the full year impact of the increase in staffing agreed in the 2022-23 revised budget.
 - Sensory Impairment: £102,700 for additional communicators required for September 2023.

5.27 Following the report to Schools Forum in May 2021 and the subsequent budget approval in October 2021, the budget contains the full year funding (£100,000) for the Turnaround Project, which started in September 2021 for a three year period until August 2024.

5.28 The budget also contains funding for the Teacher pay and pensions grants for Academy Special Schools and non-Maintained special schools. The budget has been increased in line with increased pupils. The per pupil funding remains at the 2022-23 levels in line with the funding received by the authority.

6 Dedicated Schools Grant Balances

6.1 Current forecast modelling suggests that the final carry forward balance from 2022-23 will be in the region of £8.4m, however this could change before the end of the financial year.

6.2 The balances include the £0.5m relating to the planned underspend on the Schools Specific Contingency and the Growth Fund, which has been approved to be carried forward to 2023-24 for the same purposes. Along with funding to support the Relational Practice project and the pre-opening Grant for the Wymering School previously endorsed by Schools Forum and approved by the Cabinet Member. This has been included in the Budget as set out in Appendix 1.

6.3 Due to the nature of the High Needs national funding formula for authorities, the only element that has a direct relationship with the number of pupils in High Needs settings relates to the place numbers in Special Schools as at the October census. The other elements of the formula relate to general population, health, and deprivation data.

6.4 In 2022-23 Schools Forum endorsed and Cabinet Member approved the retention of £2.0m of carry forward balances to support the revenue implications of the additional high places currently being built by the authority. The authority has been able to cover the revenue cost of the additional places from the High Needs Block allocation for 2023-24, except for the Wymering School.

6.5 The delay in the opening of The Wymering School to April 2023, has meant that many of the pupils were not registered at a Special School on the October 2022 census and therefore the authority has not received High Needs Block funding for these pupils. It is proposed to cover two thirds of the place and Element 3 Top-up funding (£0.7m) from April 2023 from the balances brought forward from 2022-23.

6.6 This leaves a balance of £1.3m to cover any future revenue costs associated with new high needs places.

6.7 In addition to the proposal to use the carry forward balance to support the revenue implications of the additional high needs places, it is prudent to ensure there are enough balances to manage in year cost pressures. Particularly in the high needs sector as both pupil numbers and complexity are expected to continue to

increase as the country continues to come out of the pandemic. A reasonable balance would be considered 1% of overall DSG funding. This would provide a contingency of £1.993m on overall DSG funding of £199.3m.

6.8 The table below sets out the proposed use of the 2022-23 forecast carry forward in 2023-24.

Table 1 - Estimated 2022-23 Carry forward		
	£m	£m
Forecast carry forward as of 31 December 2022		8.395
Impact of decisions on 2022-23 carry forward		
Schools specific contingency	(0.124)	
Carry forward of Growth Fund balance	(0.424)	
Relational Practice	(0.169)	
Wymering pre-opening grant	(0.250)	(0.967)
Sub total		7.428
Funding of Wymering Place and Element 3 Top-up due to funding lag	(0.747)	
Revenue implications of High Needs places for future years	(1.293)	
Contingency to manage in-year pressures	(1.993)	(4.033)
Forecast carry forward available for use		3.395

6.9 Any residual balance carried forward would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurrent expenditure.

7 Reasons for recommendations

7.1 The recommendations within this report seek to allocate DSG resources appropriately and fairly, and to provide the best possible outcomes for pupils in Portsmouth City. They are consistent with the requirements contained within the updated School and Early Years Finance (England) Regulations 2023. Local Authorities are required to make an initial determination of their schools' budget no later than the 28 February 2023.

8 Integrated impact assessment

8.1 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 2023.

8.2 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.

9 Legal implications

9.1 Regulation 5 of the School and Early Years Finance (England) Regulations 2023 (coming into force on 14 February 2023) requires local authorities to (a) make an initial determination of their Schools Budget and (b) give notice of that determination to the governing bodies of the schools which they maintain, by no later than 28 February 2023. The recommendations in this report are consistent with the requirements contained in those updated regulations, based on operational guidance published by central government, and in particular identify elements of the proposals in respect of which Schools Forum's specific approval or endorsement is required.

10 Director of Finance's comments

10.1 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: Dedicated Schools Grant Original budget 2023-24

Appendix 2: Special School, Inclusion Centre, Alternative Provision and Mainstream EHCP Element 3 Top-up values 2023-24.

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:

Title of document	Location
Schools Revenue funding 2023 to 2024: Operational guide	schools operational guide 2023 to 2024
School and Early Years Finance (England) Regulations 2023	School and Early Years Finance (England) Regulations 2023
The National Funding Formula for Schools and High Needs 2023 to 2024	2023-24 NFF Policy Document
High Needs Funding 2023 to 2024: Operational Guide	high needs funding arrangements 2023 to 2024 operational guide
Early years entitlements: local authority funding of providers: Operational Guide 2023 to 2024	Early years entitlements local authority funding operational guide 2023 to 2024

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

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

Appendix 1 - Dedicated Schools Grant Original budget 2023-24

	Approved 2022-23 Budget - July 2022 (including Academies)	Proposed Budget Revisions	2023-24 Schools Budget Jan 2023 (Including Academies)	2023-24 Schools Budget Jan 2023 (Excluding Academies)
	£000	£000	£000	£000
Schools Block				
Individual Schools Budgets (ISB)				
Primary	72,502	3,053	75,555	24,791
Secondary	63,822	6,525	70,347	15,511
Total ISB	136,324	9,578	145,902	40,302
De-Delegated and Central Budgets				
Growth Fund	1,295	0	1,294	1,294
De-delegated Budgets	124	80	204	204
Academy Conversions	0	0	0	0
Other Schools Block Sub Total	1,419	80	1,499	1,499
Total Schools Block	137,743	9,658	147,401	41,800
Central School Services Block				
Schools Forum	16	0	16	16
Admissions	346	0	346	346
Licences (negotiated by DfE)	130	15	146	146
ESG retained duties	478	20	498	498
Central Teachers Pay /pensions grant	49	0	49	49
Central School Services Block Total	1,020	36	1,055	1,055
Early Years Block				
3 & 4 Year Old Provision ¹	11,421	637	12,057	12,057
2 Year Old Provision	1,851	175	2,026	2,026
Central Expenditure on under 5's	671	44	714	714
Early Years Block Total	13,942	855	14,797	14,797
High Needs Block				
Individual Schools Budgets				
Special School Place Funding	6,368	712	7,080	220
Resource Unit Place Funding	757	140	897	307
Alternative Provision Place Funding	1,257	80	1,337	87
Total ISB	8,382	932	9,314	614
Element 3 Top-up funding	15,296	930	16,226	16,226
Out of City Placements	3,289	1,773	5,062	5,062
SEN Support Service	1,013	86	1,098	1,098
Medical Education	675	0	675	675
Outreach Services	192	4	196	196
Turnaround Project	100	0	100	100
Fair Access Protocol	60	0	60	60
Early Years Complex Needs Inclusion fund	835	280	1,115	1,115

	Approved 2022-23 Budget - July 2022 (including Academies)	Proposed Budget Revisions	2023-24 Schools Budget Jan 2023 (Including Academies)	2023-24 Schools Budget Jan 2023 (Excluding Academies)
	£000	£000	£000	£000
Post-16 high needs places	884	188	1,072	0
Teachers Pay/Pension grants High Needs	569	9	578	578
Relational Practice	0	169	169	169
Wymering Pre Opening Grant	0	250	250	250
Special Schools Additional Grant 2023/2024	0	672	672	672
High Needs supplementary funding	1,139	(790)	349	349
Other High Needs block sub total	24,051	3,571	27,622	26,550
Total High Needs block	32,433	4,502	36,936	27,164
Total Expenditure	185,138	15,051	200,189	84,817
Income				
Schools Block	(137,314)	(9,538)	(146,852)	(41,252)
Central Schools Services Block	(1,020)	(35)	(1,055)	(1,055)
Early Years Block	(13,942)	(855)	(14,797)	(14,797)
High Needs Block	(31,192)	(4,577)	(35,770)	(25,998)
High Needs supplementary funding	(1,139)	1,139	0	0
DSG Income ^{2,3}	(184,608)	(13,866)	(198,474)	(83,102)
One-off use of Carry Forward	(530)	(1,185)	(1,715)	(1,715)
Total Income	(185,138)	(15,051)	(200,189)	(84,817)

¹Includes early years pupil premium

²2023-24 per ESFA allocations December 2022

³ Includes reimbursement of Growth funding for Academy schools

Appendix 2: Element 3 Top-up values 2023-24

Table A - Solent Academies Trust - Element 3 Top-up values 2023-24								
	Cliffdale		Cliffdale Willows Centre		Mary Rose		Redwood	
	Element 3 Top up rates 2022-23	Element 3 Top up rates 2023-24	Element 3 Top up rates 2022-23	Element 3 Top up rates 2023-24	Element 3 Top up rates 2022-23	Element 3 Top up rates 2023-24	Element 3 Top up rates 2022-23	Element 3 Top up rates 2023-24
	£	£	£	£	£	£	£	£
Band A	20,340	22,350			21,010	23,270		
Band B	11,410	12,530			12,230	13,680		
Band C	9,650	10,600	All Pupils are now on the new bands as set out below	All Pupils are now on the new bands as set out below	10,500	11,790	All Pupils are now on the new bands as set out below	All Pupils are now on the new bands as set out below
Band D								
Band E	6,400	7,030						
Band F								
Band G								
Band H								
Core	6,090	6,780	9,290	10,350	9,290	10,470	4,250	5,000
Enhanced	10,570	11,780	12,170	13,560	12,170	13,620	9,830	11,550
Exceptional	20,310	22,620	20,950	23,340	20,950	23,200	20,310	23,870
Highly Exceptional ¹ - 3+	-	-	-	-	32,290	35,580	-	-
Highly Exceptional ² - 1/2	-	-	-	-	48,340	53,100	-	-

¹ Element 3 Top-up paid for any subsequent pupils (3+) attending the highly exceptional class (where agreed by the local authority)

² Element 3 Top-up paid for the first two pupils attending the highly exceptional class (where agreed by the local authority)

Appendix 2 Continued

Table B: Delta Academy Trust				
	The Harbour School		The Wymering School	
	Element 3 Top up rates 2022-23 £	Element 3 Top-up rates 2023-24 £	Element 3 Top up rates 2022-23	Element 3 Top-up rates 2023-24
	Band A	22,970	25,340	Not open in 2022-23
Band B	12,930	14,270		
Band C				
Band D	9,320	10,280		
Band E				
Band F				
Band G				
Band H				
Stamshaw				
Core	9,290	10,390	Not open in 2022-23	14,850
Enhanced	12,170	13,610		18,040
Exceptional	22,880	25,590		25,460
Highly Exceptional	30,350	33,940		31,260

Table C: Alternative Provision		
	Element 3 Top-up rates 2022-23 £	Element 3 Top-up rates 2023-24 £
Flying Bull	8,750	9,010
The Harbour	8,760	9,020

Table D: Inclusion Centres		
Funding Band	Element 3 Top-up rates 2022-23 £	Element 3 Top-up rates 2023-24 £
Ordinarily Available Provision	0	0
Core	2,100	2,440
Enhanced	4,520	5,010
Exceptional	6,360	6,970
Highly Exceptional	8,400	9,140

Appendix 2 Continued

Table E: Mainstream Schools EHCP pupils		
Band	Element 3 Top-up rates 2022-23	Element 3 Top-up rates 2023-24
	£	£
Ordinarily Available Provision EHCP	0	0
Core	420	650
Enhanced	2,100	2,440
Exceptional	4,520	5,010
Exceptional plus	6,360	6,970
Highly Exceptional	8,400	9,140