

<b>REPORT TO:</b>	Schools' Forum
<b>DATE:</b>	15 <sup>th</sup> February 2023
<b>REPORTING OFFICER:</b>	Operational Director – Finance
<b>PORTFOLIO:</b>	Children & Young People
<b>SUBJECT:</b>	DSG (Non-Schools Block) and other Grants 2023-24
<b>WARD(S)</b>	Borough wide

## 1.0 PURPOSE OF THE REPORT

- 1.1 To update and seek Schools' Forum recommendations on the Dedicated Schools Grant (DSG) 2023-24 for Early Years and High Needs.
- 1.2 To update Schools' Forum on the latest DSG forecast outturn for 2022-23
- 1.3 To update Schools' Forum on other grants available to schools for 2023-24

## 2.0 RECOMMENDATION: That

- 2.1 the report be noted;
- 2.2 Schools' Forum agree the 2023-24 hourly rates and supplements for the Early Years Single Funding Formula applicable with effect 1 April 2023;
- 2.3 Schools' Forum agree the inflationary elements and funding distribution applicable to the High Needs Block with effect 1 April 2023;
- 2.4 Schools' Forum note and consider the DSG forecast outturn position for 2022-23;
- 2.5 Schools' Forum note for information the other grants update for 2023-24.

## 3.0 SUPPORTING INFORMATION

### 3.1 Dedicated Schools Grant (DSG) settlement

The 2023-24 DSG settlement was announced on 16th December 2022 allocating Halton a total of £143.393m, which is broken down as £106.745m for the Schools Block, £0.738m for the Central Schools Services Block, £26.135m for the High Needs Block, and £9.775m for the Early Years Block.

In addition Halton has received £4.796m as part of the recent £2b commitment for Education from the Autumn 2022 budget announcements. The amount relating to Mainstream schools and academies, which will be provided in addition to the formula funding determinations for schools, is £3.741m. The balance of £1.055m is provided to support the High Needs block.

Schools' Forum approved the Schools and Central Schools Support Services (CSSB) block determinations and formula unit values at their meeting of 18 January 2023, with Early Years and High Needs to be considered on 15 February 2023.

### 3.2 **Early Years Block**

The DSG announcement has provided an indicative Early Years allocation which includes the up to date hourly rates to be used in Halton's determination of the 2, 3 and 4 year old early education funding entitlement to Maintained Nursery Schools, Nursery Classes, and Private Voluntary and Independent (PVI) settings including Childminders.

The 2023-24 allocation remains indicative until after the January 2023 early years headcount has been collated, validated and used by the DfE to inform Halton's actual Early Years Block allocation to be notified in July 2023.

The indicative allocation for 2023-24 is £9.775m which is £0.498m greater than 2022-23 however this increase is likely to decrease in line with the current demographic trends. Forum should be aware that, whilst the level of funding allocation may ultimately decrease, this will not cause any financial burden on the Early Years DSG position as there will be a corresponding reduction in funding allocated to providers due to their decreased pupil numbers on roll.

Included within the Early Years allocation are the hourly rates that must be used to inform the funding rates to be applied to all providers. Forum may recall that Halton has historically received higher funded hourly rates than other Local Authority areas and has therefore not seen any increases for several years going back to 2017, other than a small increase to the 2yr old hourly rate for 2021-22 and 2022-23.

It is pleasing however to report that Halton has been provided with an increase to all hourly rates for 2023-24 in line with the DfE commitment to increase funding to support Early Years provision. The hourly rate for 3&4 year olds has increased by 1.56% and the hourly rate for 2 year olds has increased by 1.06%.

There has also been an increase to the hourly rate applicable to the Early Years Pupil Premium Grant (EYPPG) which increases by 3.3% to £0.62 per hour, and the lump sum applicable to funding the Disability Access Fund (DAF) has increased by 3.5% to £828 per eligible pupil.

The DfE have also updated the Maintained Nursery School (MNS) supplementary funding which has increased from £3.09 to £3.80 per hour to reflect the transfer in of Teachers Pay and Pension Grants (TPPG) that were previous provided separately.

To update Forum on the current estimated position an analysis of the January 2023 headcount data, received on 1<sup>st</sup> February 2023, has been completed. The headcount data has confirmed the following impact due to changes in part-time-equivalent (pte) early years pupils:

<b>Early Years 2023-24</b>	<b>3 &amp; 4 yr old</b>		<b>2 yr old</b>	<b>Maintained</b>	
Census Data	Universal Entitlement	Additional Entitlement	Universal Entitlement	Nursery Schools	
Indicative pte	1714.45	836.06	477.94	200.00	
Jan 2023 pte	1704.53	878.51	422.81	196.00	
Variance pte	-9.92	+42.45	-55.13	-4.00	
<b>Funding Impact</b>	<b>-£0.029m</b>	<b>+£0.126m</b>	<b>-£0.180m</b>	<b>-£0.009m</b>	<b>-£0.092m</b>

The impact of the January 2023 census as per the above table revises the indicative allocation for Halton's Early Years block for 2023-24 to £9.683m which, due to the inflation applied to the funding rates referred to earlier, results in an overall increase when compared to 2022-23 of £0.406m.

In addition to the hourly rates the 3&4 year old formula includes supplements for Deprivation and Quality. There are no supplements applicable to 2 year old funding.

For 2023-24 the Deprivation supplement for each provider has been updated in line with the January 2023 headcount data where all individual postcodes have been plotted and mapped to the latest Index of Multiple Deprivation (IMD) data using the Income Deprivation Affecting Children Indices (IDACI) which is also used to determine deprivation funding for Mainstream schools.

Early Years team colleagues have updated the Quality supplement data in consultation and from gathering the latest workforce qualification data from all providers.

In order to ensure the maximum funding is passed through to providers Halton will ensure the equivalent funding increases provided in the Early Years block are applied to the relevant funding factors.

**Schools' Forum are required to approve the hourly rates and supplements to be applied to the 2023-24 Early Years Single Funding Formula (EYSFF) determinations for all providers as follows:**

Funding Factor	2023-24		2022-23		2023-24 Increase
	Hourly (rounded up)	Annual per child @ 15hrs per week	Hourly	Annual per child @ 15hrs per week	
	£	£	£	£	
2 yr old hourly base rate	5.37	3,060.90	5.31	3,026.70	1.13%
3 & 4 yr old hourly base rate	4.65	2,650.50	4.57	2,604.90	1.75%
Deprivation <sup>2</sup> Supplement	0.31	176.70	0.305	173.93	1.77%
Quality Supplement	0.18	102.60	0.176	100.35	2.24%

Note:

<sup>1</sup> percentage increases are higher than expected due to rounding up the 23-24 hourly rates, the cost of which will be balanced within the overall Early Years block allocation.

<sup>2</sup> The overall Deprivation amount will vary in the final formula determination per setting due to weightings applied to the levels of deprivation per postcode.

Taking all above into account, including commitments for EYPPG, EY Send Inclusion, DAF, and a small contingency to cover any in-year variations, the 2023-24 estimates confirm that at least 97.5% of the Early Years Block DSG allocation will be provided directly to Early Years establishments. This represents a pass-through rate which fully complies with the statutory minimum of 95%.

### 3.3 **High Needs Block**

The High Needs Block allocation has been announced as £25.080m before Academy and Further Education (FE) recoupment, but including the deduction in respect to net exports of SEND children being educated in other areas.

Following Autumn budget statement announcements Halton has been provided with £1.055m of additional DSG funding to supplement the High Needs block to bring the total High Needs funding available for 2023-24 to £26.135m.

The additional grant of £1.055m provided for High Needs is subject to further conditions of grant applicable to 2023-24 to ensure local special provisions receive a proportion of the grant that allocates funding equivalent to 3.4% increase to place and average top-ups.

This further condition is applied to ensure Local Authorities do not retain 100% of the additional grant to offset High Needs deficits/pressures, which some LAs did in 2022-23. Halton actually distributed the grant to its specialist provisions in 2022-23 and will comply with the further conditions of grant applicable to 2023-24.

Special School funding is protected through a Minimum Funding Guarantee (MFG) that ensures their overall funding per-place does not increase any lower than 3% in 2023-24 when compared to 2021-22. 2021-22 is determined as the baseline to ensure comparisons are made to that year rather than 2022-23 to guarantee Special Schools have received appropriate funding increases over the two-year period.

We estimate the Academy and FE recoupment will be £3.134m for the per place funding element deductions, and with the approved transfer from Schools' Block of £0.200m this provides Halton with £23.201m available in 2023-24 for distribution to specialist provisions and to contribute to supporting the ongoing cost pressures being faced by the High Needs block.

Schools' Forum are required to approve the funding rates to be applied to the High Needs block allocations on the basis of Place-Plus (top-up) funding for specialist provision including Mainstream SEND Units.

### **Mainstream Special / Resourced Unit Funding 2023-24**

Mainstream units are funded on a Place-Plus basis where the Place funding element is set at £6,000 per Occupied place and £10,000 for Un-Occupied places. The Occupied rate is only £6,000 as it is expected that the children being supported in the special units will be on roll at the school and are therefore included in the main school formula funding allocation.

**The Plus element is the top-up funding provided for occupied places and subject to Forum approval as per the table below.**

School / Academy	Unit	2021-22	2022-23	2022-23 Uplift	2023-24 rounded	2023-24 Uplift	Uplift from 2021-22
		£	£	%	£	%	%
<b>Primary</b>							
Weston Point	EBD	4,990.67	5,178.82	3.77%	5,355	3.40%	7.30%
Halton Lodge	SEMH	5,639.50	5,852.11	3.77%	6,051	3.40%	7.30%
The Brow	Assessment	2,957.71	3,069.21	3.77%	3,174	3.41%	7.31%
Woodside	EBD	4,036.45	4,188.63	3.77%	4,331	3.40%	7.30%
Beechwood	SEMH	5,675.00	5,888.95	3.77%	6,089	3.40%	7.30%
Kingsway Academy (Simms Cross)	ASD KS1/2	4,466.68	4,635.07	3.77%	4,793	3.41%	7.31%
Oakfield	Assessment	4,047.45	4,200.04	3.77%	4,343	3.40%	7.30%
The Grange	ASD KS1/2	5,745.20	5,961.79	3.77%	6,164	3.39%	7.29%

## Secondary

The Grange	ASD KS3/4	6,564.79	6,812.28	3.77%	7,044	3.40%	7.30%
Sts Peter & Paul	ASD KS3/4	5,356.25	5,558.18	3.77%	5,747	3.40%	7.30%

## Special Schools and Pupil Referral Unit (PRU)

Special Schools and PRUs are funded on a Place-Plus basis where the Place funding element is set at £10,000 per Occupied or Un-Occupied places. For Special Schools the Plus element is the top-up funding provided for occupied places only and is based on a Banding system which recognises the severity of SEND and associated support requirements in accordance with the individual pupils' Education Health and Care Plan (EHCP). The top-up banding values vary per school due to recognising the differing running costs of each school.

The PRU top up value is intended to contribute to all running costs including vocational courses for pupils. Where schools and academies commission any places directly with the PRU then they are responsible for funding the top-up element.

The Place and top-up funding are subject to new Conditions of Grant to ensure a share of the additional DSG provided for High Needs is allocated to the schools. In addition, the Place funding is enhanced to recognise the former Teachers Pay and Pension Grant contribution which is longer provided as a separate grant.

**Taking above into account, the Place-Plus values to be applied to 2023-24 funding and for Forum approval are as follows:**

Place Funding for All Special Schools and PRU:

	Per Place	10,000
+	3.4% uplift	340
+	TPPG	660
	<b>Total Place</b>	<b>11,000</b>

Plus (top-up) Funding per Special School and PRU:

School	Banding	2021-22	2022-23	2022-23 Uplift	2023-24	2023-24 Uplift	Uplift from 2021-22
		£	£	%	£	%	%
Ashley	Level 1	7,003	7,732	10.4%	7,995	3.40%	14.2%
	Level 2	9,579	10,308	7.6%	10,658	3.40%	11.3%
	Level 3	14,755	15,484	4.9%	16,010	3.40%	8.5%
Chesnut Lodge	Level 1	9,517	10,310	8.3%	10,661	3.40%	12.0%
	Level 2	11,563	12,356	6.9%	12,776	3.40%	10.5%
	Level 3	14,771	15,565	5.4%	16,094	3.40%	9.0%
Brookfields	Level 1	5,572	6,301	13.1%	6,515	3.40%	16.9%
	Level 2	8,793	9,521	8.3%	9,844	3.40%	12.0%
	Level 3	15,304	16,033	4.8%	16,578	3.40%	8.3%
Cavendish	Level 1	7,171	7,890	10.0%	8,158	3.40%	13.8%
	Level 2	9,629	10,347	7.5%	10,699	3.40%	11.1%
	Level 3	14,699	15,417	4.9%	15,941	3.40%	8.5%
The Bridge - PRU	Level 1	15,000	15,734	4.9%	16,269	3.40%	8.5%

For transparency, all Special Schools and the PRU will be provided with confirmation of their 2023-24 budget allocations with an individual notification highlighting all funding factors, values, termly payment profile, and ESFA recoument where applicable.

### **Further Education (FE) Element 3 Top-Up Funding**

The High Needs DSG statutory guidance stipulates that the Local Authority must treat FE establishments fairly and consistently when making arrangements to fund young people with high needs.

On this basis, and bearing in mind there has been no uplift to the college top-up funding for several years, Halton proposes to apply the 3.4% uplift to FE element 3 funding with effect from April 2023. The cost of this uplift will be covered from the additional High Needs DSG provided for 2023-24.

**Schools' Forum are therefore requested to support the uplift for 2023-24 as outlined above.**

### **3.4 DSG Forecast Outturn 2022-23**

Schools' Forum are provided with the latest forecast outturn position for the DSG 2022-23 which highlights the escalating forecast deficit due to the ongoing pressures being faced by the High Needs Block.

The following table summarises the DSG forecast outturn for 2022-23:

Dedicated Schools Grant (DSG) Block 2022-23	S251 Allocation	Planned Budget	Forecast Expenditure	In-Year Variance to Budget
Total Schools Block	102,178,425	101,164,521	101,164,521	0
Total High Needs	23,032,222	24,046,126	25,806,305	-1,760,179
Total Early Years	9,355,753	9,355,753	9,166,227	189,526
Total Central School Services Block	728,189	728,189	728,189	0
<b>Total DSG 2022-23</b>	<b>135,294,589</b>	<b>135,294,589</b>	<b>136,865,242</b>	<b>-1,570,653</b>
Deficit brought forward from 2021-22				-1,856,222
Forecast Deficit carry forward to 2023-24				-3,426,875

A more detailed breakdown is provided at **Appendix A** for information.

For information Schools' Forum are requested to note the most recent DSG outturn positions as follows:

- 2019/20 - £0.136m Surplus
- 2020/21 - £0.996m Deficit
- 2021/22 - £1.856m Deficit
- 2022/23 - £3.427m Deficit (Forecast)

Forum will be aware that the DfE are considering the escalating pressures being faced by all Authorities in managing the High Needs spend whilst attempting to sustain in-year balanced budgets, as well as recover accumulated deficits.

As part of the DfE intervention, Halton is part of the Delivering Better Value (DBV) in High Needs programme. As Halton's deficit is not as severe as significant deficits in other areas, we are scheduled to be part of tranche 3 and will work with DfE assigned agents to develop a robust and realistic deficit recovery programme,

Schools' Forum will play a pivotal role in developing the recovery plan and further details will be brought to a future meeting of Forum for consideration.

### 3.5 **Other Grants 2023-24 – Update**

#### **Pupil Premium Grant (PPG)**

Funding rates for the pupil premium factors in the financial year 2023 to 2024 have been confirmed to increase by 5% to:

PPG	2023-24	2022-23
Primary FSM6 pupils:	<b>£1,455</b>	£1,385
Secondary FSM6 pupils:	<b>£1,035</b>	£985
Looked-After Children:	<b>£2,530</b>	£2,410
Children who have ceased to be looked-after:	<b>£2,530</b>	£2,410
Service Children:	<b>£335</b>	£320

It is anticipated that the total PPG grant allocated to Halton for 2023-24 will be in excess of **£10million**.

Other notable grants that are expected to continue to be allocated throughout 2023-24, on the assumption they will be provided for the full financial year but where confirmed allocations and grant announcements are yet to be released by the DfE, include:

- **Primary PE & Sport – estimate £892,000**
- **Universal Infant Free School Meals – estimate £951,000**
- **National Tutoring Grant – estimate £766,000**  
(factors in the reduced subsidy based 60% reducing to 25% for the 2023-24 Academic year)
- **Devolved Formula Capital (DFC) – estimate £550,000**

There are other grant opportunities, such as Sport England or Condition Improvement Fund, not included above that schools and/or academies may bid for directly.

### 4.0 **FINANCIAL IMPLICATIONS**

- 4.1 The financial aspects outlined throughout this paper have been developed accordance with statutory financial regulations and operational guidance relevant to the Dedicated Schools Grant (DSG) requirements.

4.2 The proposals included within this paper are all funded from within the available Dedicated Schools Grant (DSG) block allocations provided for 2023-24.

## 5.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### 5.1 **Children & Young People in Halton**

To ensure that in Halton children and young people are safeguarded, healthy and happy, and receive their entitlement of high quality services that are sensitive to need, inclusive and accessible to all.

### 5.2 **Employment, Learning & Skills in Halton**

To create an economically prosperous Borough that encourages investment, entrepreneurship, enterprise and business growth, and improves the education, skills and employment prospects of our residents and workforce so they can share in all the opportunities Halton affords.

### 5.3 **A Healthy Halton**

None

### 5.4 **A Safer Halton**

None

### 5.5 **Halton's Urban Renewal**

None

## 6.0 **RISK ANALYSIS**

6.1 Failure to comply with the statutory financial regulations and operational guidance relevant to Dedicated Schools Grant (DSG) requirements could result in formal intervention by the Department for Education (DfE).

## 7.0 **EQUALITY AND DIVERSITY ISSUES**

7.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.

## 8.0 **CLIMATE CHANGE IMPLICATIONS**

None

## 9.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Background papers and further information, including the statutory guidance that has informed this report, can be obtained via [Gov.uk](https://www.gov.uk)

For any enquiries contact [Steve.Goodwin@halton.gov.uk](mailto:Steve.Goodwin@halton.gov.uk).

	S251 Ref	S251 Budget	Forecast Expenditure	In-Year Variance to Budget
<b>Dedicated Schools Grant (DSG) Monitor and Forecast 2022-23</b>				
<b>Schools Block</b>				
<b>Individual Schools Budget - Maintained &amp; Academy</b>	<b>1.0.1</b>	<b>100,652,876</b>	<b>100,652,876</b>	<b>0</b>
<b><u>De-Delegated Items - Maintained Schools</u></b>				
Contingencies	1.1.1	192,590	192,590	0
Free school meals eligibility	1.1.4	6,570	6,570	0
Staff costs – supply cover excluding cover for facility time	1.1.8	24,710	24,710	0
Staff costs – supply cover for facility time	1.1.9	19,460	19,460	0
<b>Total De-Delegated</b>		<b>243,330</b>	<b>243,330</b>	<b>0</b>
<b><u>Education Functions - Maintained Schools</u></b>				
Central support services	1.6.1	85,800	85,800	0
Asset management	1.6.3	22,720	22,720	0
Statutory/Regulatory duties	1.6.4	159,795	159,795	0
<b>Total Education Functions</b>		<b>268,315</b>	<b>268,315</b>	<b>0</b>
<b>Total Schools Block</b>		<b>101,164,521</b>	<b>101,164,521</b>	<b>0</b>
<b><u>High Needs Block</u></b>				
High needs place funding - Mainstream Units	1.0.2	794,400	794,400	0
High needs place funding - Special	1.0.2	3,650,000	3,650,000	0
High needs place funding - PRU	1.0.2	600,000	600,000	0
Top-up funding – maintained Mainstream Schools	1.2.1	1,944,676	2,089,378	-144,702
Top-up funding – maintained Special	1.2.1	2,335,491	2,435,491	-100,000
Top-up funding – maintained PRU	1.2.1	1,473,562	1,473,562	0
Top-up funding – academies, free schools and colleges	1.2.2	1,072,600	1,288,434	-215,834
Top-up funding – academies Special	1.2.2	2,293,027	2,349,606	-56,579
Top-up and other funding – non-maintained and independent providers	1.2.3	5,759,220	6,969,055	-1,209,835
Top-up and other funding – Post-16 FE	1.2.3	969,000	994,000	-25,000
SEN support services	1.2.5	3,089,550	3,089,550	0
Support for inclusion	1.2.8	44,600	44,600	0
Direct payments (SEN and disability)	1.2.11	0	8,229	-8,229
Therapies and other health related services	1.2.13	20,000	20,000	0
<b>Total High Needs</b>		<b>24,046,126</b>	<b>25,806,305</b>	<b>-1,760,179</b>

**Early Years Block**

<b>TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (3 &amp; 4 YEAR OLDS):</b>		<b>7,382,193</b>	<b>7,174,509</b>	<b>207,684</b>
<b>EYSFF (2 year olds)</b>		<b>1,455,667</b>	<b>1,413,824</b>	<b>41,843</b>
<b>7. SEN Inclusion Fund</b>		<b>40,000</b>	<b>100,000</b>	<b>-60,000</b>
<b>TOTAL FUNDING FOR EARLY YEARS CENTRAL EXPENDITURE:</b>		<b>256,313</b>	<b>256,313</b>	<b>0</b>
<b>TOTAL FUNDING FOR EARLY YEARS PUPIL PREMIUM:</b>		<b>167,180</b>	<b>167,180</b>	<b>0</b>
<b>TOTAL FUNDING FOR EARLY YEARS DISABILITY ACCESS FUND:</b>		<b>54,400</b>	<b>54,400</b>	<b>0</b>
<b>Total Early Years Pro-Forma Allocation 2022-23</b>		<b>9,355,753</b>	<b>9,166,227</b>	<b>189,526</b>

**Central Schools Services Block (CSSB)**

Contribution to combined budgets	1.4.1	50,000	50,000	0
School admissions	1.4.2	9,440	9,440	0
Other Items - Copyright Licencing Agency	1.4.14	109,210	109,210	0
<b>Central Schools Services Block (CSSB) (FORMER ESG RETAINED DUTIES)</b>				
Statutory/Regulatory duties	1.5.3	559,539	559,539	0
<b>Total Central School Services Block</b>		<b>728,189</b>	<b>728,189</b>	<b>0</b>
<b>Grand Total Dedicated Schools Grant 2022-23</b>		<b>135,294,589</b>	<b>136,865,242</b>	<b>-1,570,653</b>