

Lancashire Schools Forum

eNewsletter

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Fair Exchange?

Welcome to Issue 127 of 'Fair Exchange?' a post-Forum Edition of the eNewsletter of the Lancashire Schools' Forum.

Schools Budget for 2023/24

Initial information from the Government about the Schools Budget for 2023/24 has been included in previous editions of Fair Exchange. Final Dedicated Schools Grant (DSG) allocations for 2023/24 were published by the DfE on 16 December 2022.

Information on Lancashire's 2023/24 DSG allocations are provided below:

| Forecast Dedicated Schools Grant Income 23/24 | Allocation (£m) | Additional Funding (£m) | Total DSG Allocation 2023/24 (£m) |
|--|------------------------|--------------------------------|--|
| Schools Block | 924.602 | 31.0 | 955.602 |
| High Needs Block | 193.394 | | 193.394 |
| Early Years Block | 87.644 | | 87.644 |
| Central Schools Services Block | 6.81 | | 6.81 |
| Gross Total forecast Dedicated Schools Grant Income | 1,212.45 | 31.0 | 1,243.5 |
| The total deduction for national schools' non-domestic rates | -0.888 | | -0.888 |
| Total deductions for direct high-needs payments made by the ESFA | -9.314 | | -9.314 |
| Net Total forecast Dedicated Schools Grant Income | 1,202.25 | 31.0 | 1,233.25 |

At the Schools Forum meeting on 12 January 2023, school and early years representatives considered proposals for setting the 2023/24 Schools Budget. A meeting of the Lancashire County Council Cabinet was also held on 19 January 2023, where final decisions about the setting of the 2023/24 schools budget were taken. The key headlines from the 2023/24 budget setting process include:

Schools Block

As agreed from 2018/19, Lancashire will use the National Funding Formula (NFF) methodology to calculate Schools Block budgets in 2023/24.

National Funding Formula factor values for 2023/24 have increased, as follows:

- rolling the 2022 to 2023 schools supplementary grant into the NFF by:

- adding an amount representing what schools receive through the grant into their baselines
 - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
 - uplifting the minimum per pupil values by the supplementary grant's basic per-pupil values, and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants
- increasing NFF factor values (on top of the amounts we have added for the schools supplementary grant) by:
 - 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI). DfE say that this additional support directed to disadvantaged pupils, by increasing the FSM6 and IDACI factors in the schools NFF by a greater amount than other factors, means that a greater proportion of schools NFF will be targeted towards deprived pupils than ever before. 9.8% of the schools NFF will be allocated according to deprivation in 2023/24. 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
 - 0.5% to the floor and the minimum per pupil levels (MPPL)
 - 0% on the premises factors, except for Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 11.2% for the year to April 2022

Government consultation in 2021 has also led to changes to the payment process of schools business rates, but were not implemented in 2022/23. From 2023/24, schools business rates will be paid by the Education and Skills Funding Agency to billing authorities directly on behalf of all state funded schools. As long as all billing authorities agree to implement the National Non Domestic Rates (NNDR) and if mutual consent is not reached it will not be possible for any billing authority to adopt the revised payment process.

Following a last meeting agreed by the Schools Forum and the LCC Cabinet as follows:

- The Minimum Funding Guarantee (MFG) was set at a +0.5%.

High Needs Block (HNB)

The extra funding made available for high needs funding from April 2023 has allowed the following increases in expenditure to be agreed:

- To cover the forecast cost and demand led pressures in High Needs expenditure from April 2023;
- To support increases in HNB expenditure to broadly match or exceed uplifts in the mainstream sector, including:
 - increasing the Weighted Pupil Numbers (WPN) rate across all school and FE settings by 3% with additional £626 (of WPN element of High Needs Block Supplementary Grant from 2022/23) to £5,330 ;
 - increasing 'School Specific' allocations in special schools and PRUs by 2% as in 2022/23;
 - Support Inclusion Engagement Support Team (IEST) for 2023/24 at £294,042.

Early Years Block (EYB)

Government announcements for 2023/24 indicated that an extra £180m will be made available in 2023/24 for the Early Years Block nationally. Lancashire's share of this funding, together with a circa £1m contribution from Schools Forum reserves, enable increases to be made across all early years funding areas, as explained below.

3 and 4-year-old entitlements

As per DfE guidance the historic teachers pay grant (TPG) and teachers pension grant (TPECG) received by schools have now been rolled into the early years funding formula and is included within the increased base rate for 23/24.

Initial modelling on the early years block suggests the full £0.23 pence hourly increase can be funded from within Early Years Block Budget. School Forum understands that Early Years are facing considerable pressures within the sector. Therefore, for 2023/24 School Forum recommended that an additional 4p to be agreed above the national increase from DfE for the 3 and 4-year-old entitlements. This would provide a new rate of £4.75, an increase of £0.27 pence per hour. Final Early Years allocations will be received Summer 2023 and this additional 4p increase may be able to be funded from within the Early Years Block also, if there is no headroom, then DSG Reserve will be utilised.

The 2023/24 funding rate has therefore been calculated as follows:

| | |
|--|----------------|
| 2022/23 Base rate, which included £0.04 contribution from Lancashire Schools Block | £4.48 per hour |
| 2023/24 Increase in base rate as per initial DSG allocation (now includes TPG & TPECG included in base rate) | £0.23 per hour |
| 2023/24 £0.04 contribution from Lancashire Schools Block | £0.04 per hour |
| 2023/24 Confirmed base rate paid by LCC to providers | £4.75 per hour |

2-year-old entitlement

Lancashire will receive an additional £0.06 per hour for the 2-year-old entitlement for 2023/24, which will be passed to providers in full. This will give a Lancashire funding rate for 2-year-olds of £5.43 per hour from April 2023.

Supplementary funding hourly rate for maintained nursery schools

Lancashire will receive a £0.64 increase in the supplementary funding hourly rate for maintained nursery schools in 2023/24, which will be passed to the maintained nursery schools, providing a revised hourly supplement rate of £4.31 per hour.

The significant increase in the Supplementary Funding is due to the Teachers' Pension and Pay Grant now being incorporated into the base rate.

Early Years Pupil Premium

Lancashire will receive an increase on our early years pupil premium rate by 2p, increasing the hourly rate to 62p, equivalent to up to £353 per eligible child per year, for 2023/24, in line with national announcements.

Disability Access Fund

Lancashire will increase the disability access fund by £28 to £828 per eligible child per year for 2023/24, in line with national announcements.

In addition, the final 2023/24 Early Years Block Budget includes:

- The continuation of Deprivation Supplements on the existing methodology.
- The continuation of the SEN Inclusion Fund at £500k.

Central School Services Block (CSSB)

This Block is to fund central functions that local authorities carry out on behalf of pupils in state-funded maintained schools and academies in England. The Central School Services Block (CSSB) is split into funding for historic commitments and funding for ongoing responsibilities.

In order to protect some combined budget contributions that help support valued services to schools, the Schools Forum has agreed to transfer £0.350m historic commitments into the High Needs Block, so funding can continue to be provided for MASH and Emotional Health and Wellbeing Service, as the DfE have cut the 'historic commitments' element of the CSSB.

Issuing Individual Schools Budgets (ISBs)

Proposals for the Schools Block have now been submitted to the Education and Skills Funding Agency (ESFA) for compliance checking against the relevant Regulations before. The authority cannot issue school budgets until we have been notified that the checks are complete, and our proposals are compliant. It is anticipated that individual budgets should be issued in the week commencing 20 February 2023.

Mainstream Schools Annual Grant 2023/24

The 2022 Autumn Statement announced that the core schools' budget will increase by over £2bn in 2023 to 2024 financial year, over and above totals announced at the Spending Review 2021.

In the 2023 to 2024 financial year, mainstream schools will be allocated additional funding through the mainstream school's additional grant (MSAG). This is in addition to schools' allocations through the schools national funding formula.

The MSAG will allocate funding to state-funded mainstream schools only. In addition to the MSAG, local authorities have been allocated £400 million in additional high-needs funding for 2023/24, which will be included in the high-needs national funding formula allocations.

The MSAG will fund the following providers, for the 5 to 16-year-old age range:

- primary and secondary maintained schools
- primary and secondary academies and free schools
- all-through maintained schools
- all-through academies
- city technology colleges

School-level allocations of the MSAG for the full 2023 to 2024 financial year will be published in May 2023.

The funding rates for the MSAG 2023/24 consist of the following 3 elements, which are based on factors already in the schools national funding formula:

- a basic per-pupil rate (with different rates for primary, key stage 3 and key stage 4);
- a lump sum paid to all schools, regardless of pupil numbers;
- a per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSM6), with different rates for primary and secondary pupils.

The additional High Needs Allocation for 2023/24 has been applied as a 4.6% increase to the funding floor and proxy factor in the High Needs NFF Allocations.

Lancashire Additional funding allocations for 2023/24 are:

| | |
|--|------|
| Mainstream Schools Additional Grant Allocation | £31m |
| High Needs Additional Funding allocation | £8m |

High needs supplementary allocations will be finalised in 2023/24 and will match the payment terms for mainstream schools determined by the DfE, for example being paid as a one off payment or by instalments.

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Other Key Information

School Teaching & Support Staff Supply Reimbursement Scheme

The School Teaching and Support Staff Supply Reimbursement Scheme arrangements for 2023/24 were agreed by the Forum on 12 January 2022. The Forum agreed that the premiums will increase by 5% in line with forecast wage increases for the year, with reimbursement rates being uplifted by 5% to match.

Individual 2023/24 scheme details and offers will be sent to all schools and academies in the County shortly – look out for your offer letter on the Schools Portal.

If you have any queries with your offer, please email schoolsforum@lancashire.gov.uk

Growth Funding

Schools and academies may be commissioned by the local authority to provide additional school places. To support this growth, additional funding allocations are made to assist with the lag that accompanies the funding generated by taking on extra pupils. The Forum have agreed that from April 2023, the Minimum Pupil Funding (MPF) rates will be utilised for the growth fund payments, as follows:

- Primary £4,405 per pupil
- Secondary £5,715 per pupil

WHAT'S HAPPENING NATIONALLY

Government guidance on [Energy efficiency: guidance for the school and further education college estate](#)

Pupil premium for 2023 to 2024

The DfE have confirmed that the funding rates for the pupil premium in the financial year 2023/24 have been uplifted, as follows (2022/23 on brackets):

- Primary pupils: £1,455 (£1,385)
- Secondary pupils: £1,035 (£985)
- Looked-after children: £2,530 (£2,410)
- Children who have ceased to be looked-after: £2,530 (£2,410)
- Service children: £335 (£320)

Please note however that DfE we will be using **October 2022 school census data** to calculate pupil premium allocations (except for alternative provision and pupil referral units where eligibility will continue to be based on the January census).

Schools Financial Value Standard (SFVS)

There is a statutory requirement on all maintained schools to complete the Schools Financial Value Standard (SFVS) each year and to provide a copy of the completed return to the authority, by 31 March each year.

A formal core agenda item is included on the spring term governors meetings and governing bodies must formally discuss the SFVS annually with the head teacher and senior staff and ensure that the standard is completed in full. The approved SFVS spreadsheet should be uploaded on the 'Forms' section of the Schools Portal. This can be accessed via the schools portal home page under Forms > Finance > Schools Financial Value Standard.

Please also note that the DfE's Schools Financial Benchmarking data, including the Schools Financial Value Standard Self-assessment dashboard has now been updated to 2022/23 data for maintained schools.

WHAT ELSE IS HAPPENING?

The DfE's SFVS website is available [here](#) and contains links to the financial benchmarking.

Schools are asked to ensure that their SFVS completed SFVS template is approved by governors and submitted to the LA by the statutory deadline of 31 March 2023.

QUESTIONS?

Remember, if you have any questions about the Schools Forum, please contact email schoolsforum@lancashire.gov.uk