

School and Nursery Budgets 2023/24 Notes of Guidance



Derby City Council

Contents

Background	3
Formula Funding – Schools Block.....	5
Basic Entitlement - Age Weighted Pupil Funding (AWPU).....	5
i) Education Funding Agency Allocations for Sixth Form pupils.....	5
ii) Pupil Numbers.....	5
iii) Growth Fund allocations.....	5
iv) Minimum funding level per pupil.....	6
Deprivation	6
Prior Attainment	6
English as an Additional Language.....	6
Pupil Mobility.....	7
Lump Sum	7
Split Sites.....	7
Rates - Proposed changes delayed till 2024/25.....	7
PFI Contract Costs	7
Formula Funding - Early Years Block	8
Formula Funding - High Needs Block.....	10
Special Schools & Alternative Provision.....	10
i) Place Led Funding	10
ii) Teachers Pay and Pension Grant	10
iii) Pupil Led funding.....	11
ERS Places	12
i) Place Led Funding	12
ii) Pupil Led Funding.....	12
Element 3 Funding	13
Notional SEN	13
De-Delegation	14
Schools Forum.....	14
Contacts	14



Derby City Council

Background

For 2023/24 Derby benefits from the national funding settlement received with almost £14.92 million of growth in the Schools Block and a much needed £6.406 million in the High Needs Block. This means that for Derby we continue to fully implement the National Funding Formula meaning schools are all funded at the levels national policy has determined, this is great news for all our schools.

The High Needs Block is still under considerable financial pressure. As in previous years, Schools Forum have also agreed a transfer from the Schools Block of £0.055 million into the High Needs Block, to be spent on the SENDIASS service.

ESFA consulted (July 2021) on proposals for completing reforms of the national school funding system, whereby individual schools' budgets would be set directly through one single national formula, rather than local funding formulae. For 2023/24, local authorities are still required to bring their own formulae closer to the schools NFF, to smooth the transition.

The Dedicated Schools Grant for Derby is split into four blocks: Schools Block, Early Years Block, High Needs Block and Central School Services Block. Blocks have been ring fenced since 2018/19, but Local Authorities can transfer 0.5% of their school's block funding to another block with School Forum agreement. Block transfers above 0.5% need School Forum and Secretary of State Approval.

The Minimum Funding Guarantee (MFG) has been set at 0.5% (per pupil protection), which operates to protect the per pupil funding protection. For 2023/24 the Minimum Per Pupil Funding level (MFL) set by the DFE has increased to £4,405 for primary and £5,715 for secondary aged pupils. The MFL operates to protect those schools that have not reached the set minimum funding levels above.

Derby has been able to fully introduce the National Funding Formula throughout all the factors in the Schools' Budget however to enable the ongoing affordability School Forum agreed to cap above 3.4% per pupil increase. Schools need to be mindful that the MFL overrides any cap that takes a school below MFL, with the 3.4% cap only applying to those schools already above the minimum funding levels. This factor is shown on the Minimum Funding level per pupil/MFG/Capping and scaling line on the School Block Funding Budget.



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Additional funding is being released by the DfE for mainstream schools for 2023 to 2024 – titled The Mainstream Schools Additional Grant (MSAG).

The indicative allocation for Derby is £8m. School-level allocations of this grant will be published in May 2023. Maintained schools and academies will receive this funding from April 2023.

It is the intention that this additional funding will be a separate grant for 2023-24 only. The funding will be incorporated into core budget allocations and be part of the national funding formula for 2024 to 2025. In December 2022 the DfE confirmed that of the £2billion additional funding per annum (over and above that promised in at Spending Review 2021) £400 million would go toward the high needs (SEND) budget and the rest to mainstream schooling. The announced national increase was circa 5% per pupil for mainstream schools in 2023-24. In real terms this equated to an increase of 2% per pupil between the two years. Historic supplementary grant is now part of the base NFF from 23-24 – Derby continues to apply the NFF rates to all factors, as set out by the DfE. Apply to the following providers only:

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



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Formula Funding – Schools Block

Derby has been able to fully introduce the National Funding Formula in 2023/24, which is an extremely positive position for Derby.

Derby is only using NFF funding factors described below:

Basic Entitlement - Age Weighted Pupil Funding (AWPU)

The funding regulations state that there should be a single unit value for primary aged pupils and a single unit value for each of Key Stage 3 and Key Stage 4. The AWPU rates detailed below:

	AWPU 2022/23	AWPU 2023/24
Primary Pupils	£3,217	£3,394
Secondary KS3 Pupils	£4,536	£4,785
Secondary KS4 Pupils	£5,112	£5,393

Post 16 pupils are being funded separately through the sixth form programme funding directly from the Education and Skills Funding Agency (ESFA).

A technical change in place funding in 2018/19 transfers ERS element 1 funding (AWPU) from the High Needs Block to the Schools Block, which means the number on roll includes high needs places within Enhanced Resource Units.

i) Education Funding Agency Allocations for Sixth Form pupils

The sixth form budget allocations are not included.

ii) Pupil Numbers

All formula calculations are based on actual pupil numbers as at October 2022 school census.

iii) Growth Fund allocations

Schools with additional permanent classes established for basic need and agreed with the Council, the number on roll (NOR) have been amended to reflect the extra children. In these instances, the school will **not** receive growth funding as the NOR has been increased.



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The Growth Fund criteria remains unchanged and can be found in the December 2022 School Forum Documents – [“Growth Fund and Pupil Numbers on Roll Adjustments”](#)

<https://www.derby.gov.uk/media/derbycitycouncil/contentassets/documents/education/schoolsandcolleges/forum/growth-fund-pupil-no-adjustments-dec-2022.pdf>

iv) Minimum funding level per pupil

The minimum funding level per pupil is set by the DfE at £4,405 for primary and £5,715 for secondary aged pupils. Additional funding through this factor is shown on the Minimum Funding level per pupil/MFG/Capping line on the School Block Funding Budget. MFG has been set at 0.5% and Capping is set at 3.4%.

Deprivation

This factor is to recognise the additional cost of deprivation. To target funding in this way, we have used a combination of measures; Income Deprivation Affecting Children (IDACI), Current Free School Meals and Free School Meals Ever 6 which is a pupil premium indicator.

Prior Attainment

The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs. Low prior attainment funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling. The following is used:

- primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths

English as an Additional Language

EAL pupils may attract funding for a maximum of 3 years after the pupil enters the statutory age school system.



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Pupil Mobility

Pupil mobility will be allocated to schools with a high proportion of pupils with an entry date in the last 3 years which is not typical (for example, pupil recorded in January or May census). The threshold for individual schools to trigger this is 6% of their pupil cohort being defined as 'mobile'; defined as pupils entering school outside of the 'normal' admission date.

Lump Sum

The primary and secondary lump sum is £128,000

Split Sites

This factor allows funding to be directed to schools with split sites, to reflect the costs of operating on split sites.

Rates - Proposed changes delayed till 2024/25

The proposed changes to the way rates were to be paid directly by billing authorities by the ESFA is now not mandatory for 2023/24, Derby is not implementing any changes to the process prior to 2024/25. Schools are to stay with their currently arrangements until notified.

PFI Contract Costs

This factor allows funding to be directed to schools with PFI contract costs as they represent an additional and unavoidable cost to schools. The schools concerned will pay the PFI factor allocation back to the local authority and must not allocate this for any other purpose.



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Formula Funding - Early Years Block

The DSG allocation does include funding for early education for eligible two-year-olds at a base rate of £5.61.

The national formula will allocate funding for three- and four-year-olds; both universal 15-hour entitlement and the 30-hour extended entitlement for children of working parents. Both universal and extended entitlement funding will remain participation based and built into the 2023/24 budget.

The number of requirements on how local authorities can allocate funding to providers remains for this financial year. These requirements are intended to ensure that funding provided by the ESFA is fairly distributed to providers, which include:

- A minimum amount of funding to be passed through to providers.
- A local universal base rate for all types of providers, to be set by local authorities.
- Supplementary funding for standalone maintained nursery schools remains for Financial Year 2023/24. It needs to be noted that the Stand-Alone Maintained Nursery Supplementary rate of £2.05 (an increase of £0.54) has been directed to pay on universal hours only for 2023/24, as previously on all hours including extended hours.
- Mandatory and discretionary supplements local authorities can use.
- A disability access fund.
- A requirement for authorities to establish a special educational needs inclusion fund. (This is funded by the high needs block for 2023-24)

The annual budget for early year's providers and mainstream settings for 3- and 4-year-olds has been calculated using hours estimated for each provider adjusted for reasonableness and past hour trends. Hourly Rates for all sectors have increased by 3.52%. Budgets are adjusted in year for all providers.

Hourly Rates for Early Years Block 2022-23 & 2023-24		
	Hourly Rates	
	2022-23	2023-24
Base Rate	£4.54	£4.70
Deprivation Funding (IMD)	£0.20/£0.60	£0.20/£0.60
English as an Additional Language (EAL)	£0.20	£0.20
Supp. Stand Alone Nursery Funding	£1.51	£2.05

* Supp Stand Alone Nursery Funding 2023/24 budget funding – see notes above.



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As part of the NFF, the following has also been implemented:

- To establish a £450,000 SEN inclusion fund to support children with additional needs across all settings. (This is funded by the high needs block for 2023-24)
- Supplementary funding for standalone maintained nursery schools, for 2023/24 will include a lump sum and an increased hourly rate, paid on Universal hours only.
- Disability Access Fund. This supports early year's providers to make initial reasonable adjustments and build the capacity within their setting to support disabled children. Providers will receive additional funding for children in their setting in receipt of Disability Living Allowance (DLA) and every child eligible is entitled to £828 per year (one payment per year to the first provider only).



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Formula Funding - High Needs Block

Specialist providers including special schools and enhanced resource provision in mainstream schools, continue to be funded based on actual pupil numbers with a base level of funding to offer some stability.

High needs funding is increasing by a further £570 million, or 6.3%, in 2023-24 – following the £1 billion increase in 2022-23 and £1.56 billion increase over the previous two years. This brings the total high needs budget to £9.7 billion. The high needs NFF will ensure that every local authority receives at least a 5% increase per head of their 2-18 population, with some authorities seeing gains of up to 7%. Following on from the summer announcement, additional funding of £400m to Authorities for 2023 to 2024 was announced in December 22. For 2023/24 Derby has increased the Element 3 funding for special schools by 3% (to mirror the schools block increase). However, the challenges on the High Needs Budget does mean a deficit budget is being set for 2023/24.

The pupil-led element of funding is to be met by the commissioning local authority and will be based on the individual needs of each pupil.

The authority will continue to recover top up funding for places commissioned from other local authorities.

Where previously the authority recovered top up funding for places commissioned from other local authorities within the SEN schools, this is now only applicable for those schools who remained Maintained. It does not apply to Academy schools.

Special Schools & Alternative Provision

i) Place Led Funding

The numbers of planned places attract a place funding of £10,000 per place.

ii) Teachers Pay and Pension Grant

Teachers pay and pension grant is allocated on the number of planned places in special schools and AP. It is funded at £660 per place. This will continue in 2023/24.



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iii) Pupil Led funding

Top up funding will be provided for each individual pupil dependant on their level of need. In 2023/24, Special School places element 3 funding (excluding residential unit) will have an inflationary increase of 3% to mirror the mainstream minimum funding levels.

Special Schools and Alternative Provisions should be aware that pupil led funding follows the child. When a pupil joins or leaves your school your **budgets will be adjusted** to reflect these changes. These adjustments will be processed on a half termly basis in line with the funding regulations.

If a school is an Academy, they will receive Element 1 and 2 funding directly from the ESFA. Derby will fund Element 3 for Derby pupils only. As noted above academies are responsible for reclaiming other Local Authority's (LA) pupil Element 3 directly from the relevant LA.

Special Schools & Alternative Provision Element 3 Funding 2022-23 & 2023-24				
School	School Type	Phase	Element 3 2022/23	Element 3 2023/24
Ivy House School	Profound and Multi Learning Difficulties	All	15,702	16,173
St Andrews School - Day	Severe Learning Difficulties	Secondary	10,359	10,670
St Andrews School - Residential	Severe Learning Difficulties	Secondary	19,530	19,530
St Clare's School	Severe Learning Difficulties	Secondary	6,413	6,605
St Giles School	Severe Learning Difficulties	Primary	10,852	11,178
St Martins School & Horizons	Severe Learning Difficulties	Secondary	8,879	9,145
The Kingsmead School	Social Emotional and Mental Health	Secondary	17,496	18,021
KS 1/2 PRU	-	Primary	14,004	14,424
KS 3/4 PRU	-	Secondary	16,169	16,654



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ERS Places

i) Place Led Funding

Each place has been funded based on the number of places agreed in a school as stated in the service level agreement. In 2018/19, there was a technical change in place funding for ERS Units. From 2018/19, ERS places are funded at £6,000 (Element 2). Element 1 is funded through AWPUs and other school budget factors at approximately £4,000 per place.

ii) Pupil Led Funding

Top up funding will be provided for each individual pupil dependant on their level of need. Surplus places do not attract top up funding and have not been built into your budget

ERS Units should be aware that pupil led funding follows the child. When a pupil's banding changes, or they join/leave your school your **budgets will be adjusted** to reflect these changes. These adjustments will be processed on a half termly basis, in line with regulations.

If a school is an Academy, they will receive Element 2 funding directly from the ESFA. Derby will fund Element 3 for Derby pupils only. As noted above Academies are responsible for reclaiming another LA's pupil Element 3 directly from the relevant LA.

The affordability of the HN Block means there has been no change to Element 3 banding rates for 2023/24 a reminder of rates are in the table below, as all ERS units will have a minimum of 3% increase in their Element 1 funding (School block).

ERS Places Element 3 Funding 2022-23 & 2023-24				
School	School Type	Phase	Element 3 2022/23	Element 3 2023/24
Allestree Woodlands Community School	Hearing impairment	Secondary	6,000	6,000
Brackensdale Primary School	Communication and Interaction ASD	Primary	8,000	8,000
Markeaton Primary School	Visual Impairment	Primary	22,980	22,980
Reigate Park Primary School	Hearing impairment	Primary	6,000	6,000
Saint Benedict Catholic School	Visual Impairment	Secondary	10,000	10,000
Saint Benedict Catholic School - Post 16	Visual Impairment	Secondary	10,000	10,000



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Springfield Primary School	Communication and Interaction ASD	Primary	8,000	8,000
The Bemrose Community School	Communication and Interaction ASD	Secondary	9,000	9,000

Element 3 Funding

Element 3 funding will not be part of the base budget for a mainstream school but will be paid during the financial year. Schools will be notified separately of children and funding.

As stated above, Academies are responsible for reclaiming another LA's pupil Element 3 directly from the relevant LA.

Notional SEN

Notional SEN funding included within schools delegated budgets, the amount of which can be identified on the budget proforma.

It is recommended that schools communicate this information to governors and report on a regular basis throughout the year.

SEND notional funding is included in each budget to enable schools to support and provide additional resources for children and young people with SEND. The Council remains consistent with their request for Schools to set separate budget plans in relation to SEND notional funding so that they can clearly demonstrate how the funding has been prioritised specifically for children with SEND. Therefore, Schools could again be asked to provide a SEND budget plan for 2023/24 when raising any concerns in relation to meeting the specific needs required as part of a child's EHC plan.

It remains a school governing bodies responsibility to monitor such a budget separately to be fully satisfied that funding is prioritised for vulnerable children with additional needs.

The notional SEN budget provides funding for schools to meet support costs of up to £6,000 per individual child (often referred to as element 2 funding). Funding applications for further additional funding (element 3 funding) will not be supported by SEN Funding Panel unless schools are demonstrating that this notional funding has been targeted in this way.

In the same way that mainstream schools have a notional SEN budget, for early years settings notional SEN funding is deemed to be included as a percentage figure within the funding from the Early Years Block. All early year's settings will be expected to contribute towards the costs



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of any child with high needs. The amount of this contribution, over a full financial year, has been defined as £300 per high needs child in a maintained nursery and £200 in a school nursery or PVI setting.

De-Delegation

Where maintained schools have collectively agreed that they can be provided centrally, budgets have been de-delegated and returned to the local authority.

De-delegation is not an option for academies, special schools, nurseries or PRUs however academies can access Trade Union (TU) duties recharges on a buy back basis.

Schools Forum

All formula changes have been approved at Schools Forum and Council Cabinet. For further information please see web site:

<http://www.derby.gov.uk/education-and-learning/schools-and-colleges/schools-forum/>

Contacts

For school specific queries please email SchoolFinanceTeam@derby.gov.uk and ensure that the title of your email is 'School Funding Query and School Name', to ensure that emails are clearly identified.

For general queries please contact:

Jemma Gaunt on 01332 642684

Chris Holmes on 01332 642687



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