

SUBJECT: Dedicated Schools Grant (DSG) funding including Schools Funding Formula 2023/2024

LEAD OFFICER: Pat Harvey, Interim DSG Accountant, Children, Lifelong Learning and Families

RECOMMENDATIONS (summary – detail is within the report)**That the Forum:**

- a) Notes the Dedicated Schools' Grant (DSG) allocation for 2023/24.
- b) Approves the falling rolls/previously growth fund allocation of £300k for 2023/24 and criteria.
- c) Approves the transfer of £749k (0.5%) from the school block to the high needs block for 2023/24.
- d) Approves the dis-application request £500k (cash amount) from the school block to the high needs block 2023/24 but notes this is subject to Secretary of State (SOS) approval.
- e) Approves the de-delegation of budgets for 2023/24.
- f) Approves the de-delegated contribution to responsibilities that local authorities hold for maintained schools of £650k, previously paid for by the Education Support Grant).
- g) Approves the Schools' Funding Formula allocation for 2023/24 following consultation and members note the Authority Proforma Tool (APT) is subject to approval and validation by the Education Skills and Funding Agency (ESFA).
- h) Approves the Central Schools' Services block budgets for 2023/24.
- i) Notes the Early Years Block allocations for 2023/24
- j) Comments on the budget setting of the early year's formula for 2-, 3- and 4-year-olds, SEN inclusion fund, Disability Access Fund (DAF).
- k) Approves the retainer of 5% towards central support costs
- l) Approves the proposed quality supplement as a methodology to distribute the Teacher's Pension and Pay Grant (TPPG)
- m) Notes the request to the Secretary of State for approval to distribute Early Years DSG underspend to the High Needs Block, at the end of the 23/24 budget cycle.
- n) Notes and comments on the setting of the High Needs Block budgets for 2023/24.
- o) Notes and comments on the ongoing Safety Valve work.

1. Purpose of report and executive summary

- 1.1 The Government announced the DSG allocation on 16th December 2022, and Merton's allocation is split over the four blocks as Table1 below:

TABLE 1 - DEDICATED SCHOOLS GRANT ALLOCATIONS			
Description	2023/24 £'000	2022/23 £'000	% increase
Schools' Block	149.708	139.774	7%
Central Schools' Services Block	1.141	1.106	3%
Early Years Block	16.577	15.486	4%
High Needs Block	49.298	43.161	10%
Total as at Schools Forum meeting	216.724	201.524	8%
Academy recoupment	(33,039)	(33.035)	
Final allocation for the year	183,685	168.489	9%

- 1.2 The DSG allocation for 2023/24 includes the allocation of the Schools' Supplementary Grant funding that was paid separately during 2022/23 and now forms part of the DSG baseline. Allocations were £4.263m within the Schools' Block for mainstream schools and £1.692m as part of the High Needs Block for special schools, Additional Resourced Provision (ARPs) and independent schools. Mainstream schools will be allocated additional funding through the Mainstream Schools' Additional Grant (MSAG) 2023/24 This is in addition to schools' allocations through the schools' national funding formula. Indicative published allocations are £4.15m Schools' block and £2.05m High Needs block.
- 1.3 The DSG allocation for 23/24 also includes the Teachers' Pay and Pensions Grant for Early Years, that was paid separately during 22/23 and now forms part of the baseline. Allocations for schools with nursery classes were £119,841 in the separate grant in 22/23, and are estimated as £409,780 in 23/24 in the main Early Years DSG.
- 1.4 From 2023/24 the option for Local Authorities (LAs) on National and Non-Domestic Rates (NNDR) payments to be administered by the Education and Skills Funding Agency (ESFA) is available.
- 1.5 This report provides details of how the four blocks of the DSG are budgeted to be used in 2023/24.

Recommendation (a)

School Forum notes the DSG allocation for 2023/24 published 16 December 2022 and notes the final figure will be subject to change(s) during the financial year.

2. Schools' Block

- 2.1 The Schools' Block allocation of £149.708m is split into the following expenditure types as table 2 below:

TABLE 2 – Schools' Block	2023/24	2022/23	%
Description	£'000	£'000	Increase
Falling Rolls Fund	300	300	0%
<i>* Transfers to the High Needs Block (0.5%)</i>	<i>*748</i>	<i>*698</i>	<i>7%</i>
<i>* Secretary of State approval (cash transfer £500k to High Needs block)</i>	<i>* 500</i>	<i>* 500</i>	<i>0%</i>
De-delegated items (maintained schools)	2,233	1,910	7%
Central duties to maintained schools (ESG)	629	629	0%
National & Non-Domestic Rates (NNDR)	2,917	2,904	0.4%
Individual School Budgets	142,381	132,833	7%
Total Schools' Block	149,708	139,774	7%

Falling rolls (growth fund)

- 2.2 The proposed falling rolls fund is £300k, the same as for 2022/23 and is top sliced and earmarked for distribution outside of the school budget shares.
- 2.3 The Falling Rolls criteria are in accordance with the Department of Education (DfE) Falling Rolls criteria and paid outside of the school budget formula. The DfE Falling Rolls fund criteria are as designated by the DfE as table 3 below:

Table 3 – Falling Rolls Criteria (as designated by DfE)	
Identification of schools with falling rolls:	
1	<i>the school must have been judged good or outstanding at their last Ofsted inspection</i>
2	<i>the total NOR has dropped by at least 5% between October census and the previous year's October census</i>
3	<i>capacity of school is a minimum of 15% of published admission number (PAN)</i>
4	<i>the school doesn't have excessive balances (10% or more of revenue budget)</i>
5	<i>local planning data shows the places will be required within the next 3 - 5 years</i>
Budget earmarked - £300k	
AWPU rates x per pupil (falling roll) allocated based upon affordability	

- 2.4 New free schools as they increase in size - Harris Academy Wimbledon opened in September 2018 and is funded through the schools' funding formula rather than through bulge classes. These costs are included in the formula and not funded outside of the school budget shares.

Decision (b)

Schools Forum approval is required for the Falling Rolls fund £300k and DfE criteria.

- 2.5 For 2023/24 Merton will propose to transfer £748k from the Schools' Block to the High Needs Block (£698k in 2022/23). This represents 0.5% of the Schools' Block allocation and will be used to fund the growing cost pressure of increased SEN pupils in mainstream schools with Education Health and Care Plans (EHCPs).

Decision (c)

Following the consultation with schools, 100% of respondents approved the transfer from the **estimated** schools block to the high needs block of c£737k (this figure was as estimated at the time of the meeting of Schools' Forum on the 9th November 2022). Final figure (following publication of the total DSG allocation) is **£748k** (0.5%). Schools' Forum approval is required for final transfer based upon recent published DSG allocations.

- 2.6 As reported to Schools' Forum on 9th November and in support of the DfE Safety Valve plan as part of the recovery of the cumulative DSG deficit £25m, it was proposed to top slice £500k (cash) from the Schools' Block to the High Needs Block in support of continued high needs pressures. This is a dis-application request submitted to the Secretary of State (SOS) on 18th November for his approval in January 2023. From the recent consultation 91% of respondents approved this transfer.

Decision (d)

Following the consultation with schools, 91% of respondents agreed the transfer from the estimated Schools' Block to the High Needs Block of an additional £500k as proposed at the meeting of the 9th November 2022. This is subject to the Secretary of State (SOS) approval but Schools' Forum ratification is required.

- 2.7 The total de-delegated budget for 2023/24 is £2,233m (£1.910m in 2022/23). Following consultation with schools, responses related to each proposed de-delegation can be found in Appendix 1. On the basis of these responses, Table 4 details the total allocation for de-delegated services as well as the unit cost for each of these services for 2023/24, and comparable 2022/23 costs. Each phase and line by line must be agreed by Schools' Forum maintained schools, not academies for 2023/24.

Decision (e)

Both Primary and Secondary schools de-delegated budgets have been set based on the responses received from schools during consultation (as detailed in Appendix 1). Each phase and line by line de-delegated budget must be agreed by Schools' Forum maintained schools, not academies for 2022/23 as detailed in table 4 below:

Table 4- De-delegated budgets	Budget	Sector	2023/24 Unit Cost	Budget	2022/23 Unit Cost	Measure
Service	2023/24 £'000			2022/23 £'000		
Copyright Licensing Agency (CLA) Subscriptions recharged via DfE	£144	Primary	£6.48	£119	£6.46	NOR
		Secondary				
Schools catering equipment insurance	£40	Primary	£2.94	£40	£2.91	NOR
		Secondary	n/a		n/a	
Support & Challenge Programme	£400	Primary	£21.02	£400	£29.08	NOR
		Secondary				
Attain	£100	Primary	£5.26	£100	£7.27	NOR
		Secondary				
Parenting cover and public duties including Trade Unions duties	£770	Primary	£40.46	£755	£39.59	NOR
		Secondary				
Ethnic minorities & bilingual learners	£70	Primary	£15.12	£70	£20.07	Low Attainment
		Secondary				
Tree insurance / maintenance	£65	Primary	£3.42	£65	£3.42	NOR
		Secondary				
Behaviour Support	£207	Primary	£44.72	£207	£42.98	Low Attainment
		Secondary				
School Improvement	£149	Primary	£7.83	£149	£7.80	NOR
		Secondary				
School Improvement (Attendance)	£183	Primary	£9.62	New for 2023/24		NOR
		Secondary				
School Improvement and Brokering	£105	Primary	£5.52	New for 2023/24		NOR
		Secondary				
Total budget	£2.233			£1,910		

(NOR= Number on Roll, Low Attainment = Lower Attainment factor for low cost, high incidence SEN)

- 2.8 In order to maintain the statutory central duties to Merton maintained schools (the services previously funded by the Education Service Grant (ESG), schools are required to make a contribution towards these services based on numbers on roll through the Age Weighted Pupil Unit (AWPU) factor (funded autumn numbers on roll (NOR) for special schools)). The cost to primary, and secondary schools will be £33.05 per pupil on roll (special schools £37.35 per place) to provide an overall de-delegated budget of £650k (£32.94 in 2022/23).
- 2.9 For 2023/24, budget setting means that £629k is contributed from the Schools' Block while £21k comes from the High Needs Block for special schools (2023/24 budget split was £629k school block and £21k high needs block). As detailed in the schools' consultation document, schools are funding 32% of the costs while the LA funds 68%. We have maintained the local authority funding of these services to minimise the impact on school budgets.

Decision (f)

Schools' Forum approval is required for the de-delegated contribution to responsibilities that local authorities hold for maintained schools and education function costs (previously paid for by the Education Support Grant) of £650k (£629k school block and £21k high needs block)

- 2.10 The total amount available to be paid to schools, academies, and free schools for 2023/24 as part of the Schools' Block, Individual Schools Budget (ISB) is £142.381m (£135.737m in 2022/23) representing a 7% increase in funding to schools.
- 2.11 Individual School Budget shares can be found at Appendix 2. Analysis comparing ISB shares for 2023/24 and 2022/23 is attached as Appendix 3, and National Funding Formula (NFF) rates used can be found in Appendix 4.

3. School Funding Formula Factors

- 3.1 Following consultation with schools and the analysis of the consultation responses from schools (attached as agenda item 3b), Merton is using the National Funding Formula (NFF) to apportion funding to schools and academies in 2023/24. This was option A in the consultation and was agreed by 67% of respondents.
- 3.2 Appendix 5 details the Authority Proforma Tool (APT) that will be submitted to the ESFA 20th January 2023 for approval prior to individual school budget shares being distributed to schools by 28th February 2023.
- 3.3 Core NFF funding includes funding through the following factors: basic per-pupil, deprivation, Low Prior Attainment (LPA), English as an Additional Language (EAL), mobility, lump sum, and sparsity. The Area Cost Adjustment (ACA) is also applied to uplift funding in line with local labour market costs. The minimum per pupil funding and the funding floor are applied to ensure that all schools attract at least the minimum level of per pupil funding through the formula, and that all schools attract at least a 0.5% increase compared to their 2022-23 baseline pupil-led funding per pupil. Following the government's recent publication of a review of split site funding for schools, the allocation will remain as last year's allocation to minimise possible turbulence once the DfE publishes the criteria and funding within the NFF. This applies to one school within Merton within the APT formula for 2023/24.
- 3.4 The Age Weighted Pupil Unit (AWPU) rates for Primary and Secondary (KS3 and KS4) are the NFF published rates within the APT. These are shown below in table 5 with comparable 2022/23 rates.

Table 5 - AWPUP Rates

BUDGET 23/24	1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Description	Amount per pupil	Pupil Units	Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)
		Primary (Years R-6)	£3,906.00	15,164.00	£59,230,584	£111,348,938	40%	2.50%
		Key Stage 3 (Years 7-9)	£5,422.78	5,531.00	£29,993,402		20%	2.50%
		Key Stage 4 (Years 10-11)	£6,195.73	3,571.00	£22,124,952		15%	2.50%
		BUDGET 22/23	1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Description	Amount per pupil	Pupil Units	Sub Total	Total
Primary (Years R-6)	£3,694.66			15,348.00	£56,705,642	£104,730,609	41%	2.50%
Key Stage 3 (Years 7-9)	£5,209.51			5,476.00	£28,527,277		21%	2.50%
Key Stage 4 (Years 10-11)	£5,871.03			3,321.00	£19,497,691		14%	2.50%
1) AWPUP differences 2023/24 to 2022/23				Primary (Years R-6)	£211.34	-184.00	£2,524,942	£6,618,328
		Key Stage 3 (Years 7-9)	£213.27	55.00	£1,466,125	-0.5%	0.00%	
		Key Stage 4 (Years 10-11)	£324.70	250.00	£2,627,261	0.8%	0.00%	

3.5 The government in 2023/24 has directed additional support towards disadvantaged pupils by increasing the values of the Free School Meals Ever 6 (FSM6) and Income Deprivation Affecting Children Index (IDACI) deprivation factors by more than 4.3%, and other factor values in the formula by 2.4%.

3.6 The IDACI element of the deprivation factor is based on the IDACI dataset for 2019, which is published by the Ministry for Housing, Communities and Local Government (MHCLG). IDACI is a relative measure of socio-economic deprivation: an IDACI 'score' is calculated for a Lower Super Output Area (LSOA, an area with typically about 1,500 residents) based on the characteristics of households in that area. The IDACI score of a given area does not mean that every child living in that area has particular deprivation characteristics: it is a measure of the likelihood that a child is in a household experiencing relative socio-economic deprivation. LSOAs are ranked by score, from the most deprived LSOA, with the highest score, to the least deprived LSOA is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure which is interpreted as the proportion of families with children under 16 which is income deprived.

3.7 For school funding purposes, the NFF uses IDACI ranks to group LSOAs into seven bands of decreasing deprivation; for example, Band A comprises the most deprived 2.5% of LSOAs:

- Pupils in the most deprived 2.5% of LSOAs 1 to 821 - Band A
- Pupils in the next 5% most deprived LSOAs 822 to 2463 – Band B
- Pupils in the next 5% most deprived LSOAs 2464 to 4105 – Band C
- Pupils in the next 5% most deprived LSOAs 4106 to 5747 – Band D
- Pupils in the next 10% most deprived LSOAs 5748 to 9032 - Band E
- Pupils in the next 10% most deprived LSOAs 9033 to 12316- Band F

3.8 Table 6 details the total deprivation rates and formula allocation for 2023/24 in comparison to 2022/23. NFF rates have been used for all deprivation factors resulting in an allocated budget of £16.965m (2023/24) in comparison to £12.334m (2022/23) and representing a 9.5% increase in funding across the deprivation factors.

Table 6 - Deprivation Comparisons

Budget 2023/24	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£552.53	£552.53	3,637.00	2,500.46	£3,391,151	£16,965,009	9.55%	10.00%	10.00%
	FSM6	£811.53	£1,185.64	3,796.00	2,909.25	£6,529,910			10.00%	10.00%
	IDACI Band F	£264.76	£385.62	408.31	3,953.99	£1,632,847			10.00%	10.00%
	IDACI Band E	£322.31	£512.24	409.52	726.78	£504,283			10.00%	10.00%
	IDACI Band D	£506.49	£713.69	361.07	649.51	£646,421			10.00%	10.00%
	IDACI Band C	£552.53	£782.75	7.00	625.79	£493,711			10.00%	10.00%
	IDACI Band B	£587.07	£840.31	3,825.57	630.27	£2,775,487			10.00%	10.00%
	IDACI Band A	£771.24	£1,070.53	448.24	602.97	£991,199			10.00%	10.00%
Budget 2022/23	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£493.50	£493.50	3,620.00	2,226.38	£2,885,187	£12,333,572	8.96%	10%	10%
	FSM6	£677.00	£993.00	3,855.00	2,781.86	£5,372,219			10%	10%
	IDACI Band F	£252.67	£367.51	1,430.10	1,020.44	£736,364			10%	10%
	IDACI Band E	£310.09	£488.10	2,643.20	1,674.60	£1,637,007			10%	10%
	IDACI Band D	£482.36	£683.35	449.05	408.82	£495,966			10%	10%
	IDACI Band C	£528.30	£746.51	561.06	415.26	£606,404			10%	10%
	IDACI Band B	£562.76	£803.94	518.42	370.85	£589,881			10%	10%
	IDACI Band A	£735.03	£1,022.15	6.00	6.00	£10,543			10%	10%

3.9 Pupils eligible to attract funding through the NFF English Additional Language (EAL) factor are those recorded on the census as having entered state education in England during the last three years, whose first language is not English. This measure is called “EAL3” in the current LA local funding arrangements.

3.10 The EAL factor unit values used are NFF rates: £667.64 (£648.89 for 2022/23) and £1,801.49 (£1,757.17 in 2022/23) for primary and secondary schools, respectively. This allocates a total budget of £3.362m (£3.034m in 2021/22)

Table 7 - EAL budget comparisons

	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
Budget 2023/24	4) English as an Additional Language (EAL)	EAL 3 Primary	£667.64		3825.57	£2,554,119	£3,361,610	2.27%	0.00%	
		EAL 3 Secondary		£1,801.49		£807,491				0.00%
Budget 2022/23	4) English as an Additional Language (EAL)	EAL 3 Primary	£648.89		3644.74	£2,365,041	£3,033,978	1.98%	0.00%	
		EAL 3 Secondary		£1,757.17		£668,937				0.00%

3.11 Low Prior Attainment (LPA) is measured for primary schools on the basis of the number of pupils identified as not achieving a Good Level of Development in the Early Years Foundation Stage Profile (EYFSP); and for secondary schools on the basis of the number of the number of pupils not reaching the expected standard in KS2 in reading or writing or maths.

- 3.12 Since 2017 to 2018, the government has weighted the LPA factor for some secondary year groups so that year-on-year fluctuations in pass-rates, following the introduction of the more challenging KS2 tests in the 2015 to 2016 academic year, do not disproportionately affect the distribution of funding through the LPA factor in the mainstream formula.
- 3.13 In 2023 to 2024, the government has carried forward the weightings used in 2022 to 2023 for the year 7 to year 10 cohorts, so they will apply to the year 8 to year 11 cohorts.
- 3.14 For the financial year 2023 to 2024, the weightings are:
- pupils in year 7 in October 2022: 54%
 - pupils in years 8 to 10 in October 2022: 65%
 - pupils in year 11 in October 2022: 64%
- 3.15 The weightings will operate in the same way as in 2022: the number of pupils identified as having LPA in the data will be multiplied by the relevant weighting to determine the number of pupils eligible for the factor for funding purposes.
- 3.16 Following the cancellation or incompleteness of both EYFSP and KS2 assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), assessment data from these years in the Low Prior Attainment factor in the local funding formulae is not available. 2019 assessment data will be used as a proxy for assessments which would have taken place in 2020 to 2021. This has been reflected in the APT for both primary and secondary. The same national weighting of 65% for pupils in year 10 will also be used for those who are years 8 and 9 in the academic year 2022 to 2023.
- 3.17 LPA funding has been 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. As with current funding arrangements, pupils who have not undertaken the assessment are given the overall average attainment score of their year group, so are considered when calculating a school's LPA rate.

- 3.18 For primary LPA the ratio of eligible pupils is calculated from pupils in years 1 to 6. This ratio is then applied to all pupils in years reception to year 6. This ensures that reception pupils also attract LPA funding. APT Primary Low Attainment NFF unit value for 2023/24 is £1,329.53 per eligible primary pupil (£1,297.78 in 2022/23), and the Secondary NFF unit value is £2,014.44 (£1,757.17 in 2022/23). This results in budgets of £9.304m (2023/24) and £8.601m (2022/23) for schools, respectively. Table 8 below details both comparison years.

Table 8 - Low prior attainment factors

Table 8 – Low prior attainment factors											
Budget 2023/24	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
6) Low prior attainment	Primary low prior attainment		£1,329.53	26%	3,953.99	£5,256,951	£9,303,741	6.28%	100%		
	Secondary low prior attainment (year 7)	54.47%	£2,014.44	21%	2,008.89	£4,046,790					100%
	Secondary low prior attainment (year 8)	64.53%		22%							
	Secondary low prior attainment (year 9)	64.53%		22%							
	Secondary low prior attainment (year 10)	64.53%		23%							
	Secondary low prior attainment (year 11)	63.59%		22%							
Budget 2022/23	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
	Primary low prior attainment		£1,297.78	26%	3,935.89	£5,107,934	£8,601,001	6.25%	100%		
6) Low prior attainment	Secondary low prior attainment (year 7)	64.53%	£1,757.17	23%	1,987.89	£3,493,067					100%
	Secondary low prior attainment (year 8)	64.53%		23%							
	Secondary low prior attainment (year 9)	64.53%		23%							
	Secondary low prior attainment (year 10)	63.59%		22%							
	Secondary low prior attainment (year 11)	58.05%		23%							

- 3.19 The mobile pupils eligible for funding through the NFF mobility factor are pupils whose school census record at their current school (or one of its predecessors) in the last three years indicates an entry date which is not 'typical'. For year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school (or its predecessors) is the October census. So, 'not typical' means that the first census a pupil is recorded as attending the school is a January or May census. For the reception year, 'typical' means the first census is October or January.

- 3.20 Table 9 below details the NFF Mobility rates for 2023/24 of £1,087.74 (primary), and £1,565.51 (secondary) per eligible pupil starting outside of normal entry dates, in comparison with 2022/23 rates of £1,062.34 (primary), and £1,527.48

(secondary). The increase in 2023/24 budget is due to an increase in primary pupils starting school outside of the normal entry dates forecast by the DfE.

Table 9 - Mobility

		Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
Budget 2023/24	5) Mobility	Pupils starting school outside of normal entry dates	£1,087.74	£1,565.51	148.49	0.00	£161,517	£161,517	0.11%	0.00%	0.00%
Budget 2022/23	5) Mobility	Pupils starting school outside of normal entry dates	£1,062.34	£1,527.48	80.27	0.90	£86,654	£86,654	0.60%	0.00%	0.00%

- 3.21 The 2023/24 NFF lump sum factor is £130k, increased from 2022/23 (£110k), and each school receives this funding irrespective of its size or phase.
- 3.22 The split site factor remains as £102k (applicable to one Merton primary school) following the government's recent publication of a review of split site funding and criteria and aligning within the NFF funding rates.
- 3.23 The school business rates, National Non-Domestic Rates (NNDR) payment processing option is available for local authorities to administer these payments.
- 3.24 The Minimum Funding Guarantee (MFG) is set at 0.5% based upon the outcomes of consultation with schools. 93% of respondents agreed to set the MFG at 0.5%. This is the maximum protection allowed for 2023/24 and schools will be protected up to 0.5% on the funding floor for 2023/24. This requirement for MFG has decreased from £702k (2022/23) to £236 (2023/24). The inclusion this year of the Schools' Supplementary Funding of £4.263m within the schools funding baseline has resulted in only one school requiring MFG protection for 2023/24.
- 3.25 Capping and scaling within the formula has not been applied as last year, therefore schools will receive for 2023/24 all formula funding with no capping applied.
- 3.26 The primary to secondary funding ratio is 1:1:34 in comparison to 1:1:35 for 2022/23.
- 3.27 The figures in Appendix 2 exclude the 6th form funding which still needs to be provided by the ESFA and does not form part of the schools' funding formula. It also excludes Additionally Resourced Provision and individual pupil statement funding which forms part of the High Needs Block.
- 3.28 The figures in Appendix 2 exclude the falling rolls and growth funding which is held centrally and will be paid to schools as part of monthly advance payments outside of formula monthly advance payments.

- 3.29 Pupil Premium funding is not included in the Appendix 2 figures and the 2023/24 allocations will be provided separately when maintained schools are informed of their budgets on or before 28th February 2023, but subject to final approval of the APT by the ESFA and outcome of the dis-application requests. Schools should use the 2022/23 figures to estimate their funding for 2023/24 until school allocations are published.

3.26 Schools' Supplementary Grant Funding

- 3.27 This has now been rolled into the DSG funding baseline for 2023/24

Decision (g)

Schools' Forum to approve the APT 2023/24 in accordance with the consultation exercise held during November 2022 of school budgets 2023/24, and to note this is subject to ESFA data validation and checking and may be subject to minor change(s). Final approved APT and any changes will be reported to Schools' Forum in March.

4 Central Schools' Services Block

- 4.1 The Central Schools' Services Block (CSSB) was introduced in 2018/19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:

- Funding for ongoing central functions, such as admissions, previously top-sliced from the Schools' Block.
- Residual funding for historical commitments, previously top-sliced from the Schools' Block and now subject to a 20% (saving) reduction each year.
- Funding previously allocated through the retained duties element of the Education Services Grant (ESG).

Region	LA number	LA name	NFF Funding in 2023-24			
			Per-pupil rate for ongoing responsibilities	2022-23 DSG schools' block pupil census	Total funding for historic commitments	Total central schools services block funding
Outer London	315	Merton	£43.66	24,187.5	£84,887	£1,140,914

- 4.2 Merton's Central Schools' Services Block retained items are detailed in table 10 below.

Table 10 Central Services School Block (CSSB)	2023/24	2022/23
Description	£'000	£'000
Central licences and subscriptions	125	125
School admissions	311	276
Servicing of school forums	12	12
Prudential borrowing for schools	207	207
Statutory and regulatory duties LAs hold for all schools (including academies & free schools)	412	412
Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG)	74	74
Total Schools Block	1,141	1,106

Decision (h)

Schools' Forum approval is required for School Admissions, Servicing of School Forums, Prudential Borrowing, and Statutory and Regulatory Duties that LAs hold for all schools (including academies & free schools).

- 4.3 The statutory and regulatory duties that LAs hold for all schools, including academies and free schools, (as set out in Schedule 2, Parts 1 to 5 of the School and Early Years Finance Regulations 2021) does not include funding that has been retained centrally from maintained school budgets only (as set out in Schedule 2, Parts 6 and 7).

5 Early Years Block

- 5.1 The DFE published the response to its consultation of the Early Years Single Funding Formula (EYSFF) on December 16th 2022.
- 5.2 Key changes are summarised in Appendix 6 and via the link [Early years funding: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/1124737/Early_years_funding_rates_and_step-by-step_calculations_2023_to_2024.xlsx)
- 5.3 There are increases to the overall budget, as shown in Appendix 7, due to the updated factors that underpin the national funding formula for LAs, and the inclusion of the Teachers Pay and Pension Grant (TPPG) based on whole sector headcount (not just schools). See attached links for detailed information https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1124737/Early_years_funding_rates_and_step-by-step_calculations_2023_to_2024.xlsx and [2023 to 2024 Early years funding formulae: technical note - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/1124737/2023_to_2024_Early_years_funding_formulae_technical_note.pdf)
- 5.4 Of note is the new requirement to distribute the TPPG via the Quality Supplement Factor in the EYSFF from 23/24.
- 5.5 This new requirement had not been published at the time of the dissemination of the Merton consultation in November. We are including this additional requirement

within our factors, based on DfE guidance, and are asking Schools' Forum to approve this because it has not been possible to consult again with schools and settings. See Appendix 8 for details about how this new factor is being incorporated.

- 5.6 The DfE allocated Early Years Block allocation is split into the following areas as detailed in table 11 below.

Table 11

Description	2022/2023 £'000	PTE	Hourly rate	2023/24 £'000	PTE	Hourly rate	Difference in places take up
3&4 Year Old Universal Funding	£10,929,652	3222.6	£5.95 (£6.12 with TPPG uplift)	£11363239	3,225.8	£6.18	0%
3&4 Year Old Extended Funding	£3137,986	925.25	£5.78	£3534084	1003.26	£6.18	+9%
2 Year Old Offer	£1252812	349.43	£6.29	£1511258	383.14	£	+-9%
Pupil Premium	£108302	316.67	60p	£101780	288	62p	-10%
Disability Access Fund	£56800	71	£800 per annum	£67068	81	£828 per annum	+12%
Total Early Years Block	£15485552			£16577429			

- 5.7 The hourly rates for the early years free entitlements for 2-year-olds and 3 and 4-year-olds were announced in December 2022 as set out in the documents via the link [Early years funding: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/early-years-funding-2023-to-2024) and in table 9 above. Funding for the early years free entitlements includes:
- Universal 15-hour entitlement for 3 and 4-year-olds
 - Additional 15-hour entitlement for 3 and 4-year-old children of eligible working parents
 - Early Years Pupil Premium
 - Disability Access Fund
 - 15 hours entitlement for disadvantaged 2-year-olds

The indicative allocations for each local authority for the above separate funding streams is calculated as follows in paragraphs 5.8 – 5.10.

Places

- 5.8 2-, 3- and 4-year-old budget (including the TPPG allocation) is made up of:
- the number of part-time equivalents (PTEs) taking up the entitlements as recorded on the January 2022 schools, early years and AP censuses....
 - multiplied by 15 hours × 38 weeks × local authority's hourly funding rate.

ESFA will update these initial allocations in:

- July 2023 based on January 2023 census numbers; and
- July 2024, based on five-twelfths of the January 2023 census numbers (to cover the April 2023 to August 2024 period), and seven-twelfths of the January 2024 census numbers (to cover the September 2023 to March 2024 period)

Early Years Pupil Premium (EYPP)

- 5.9 The indicative allocation for each local authority is calculated as follows:
- the number of EYPP places as recorded on the January 2022 schools, early years and AP censuses....
 - multiplied by 15 hours × 38 weeks × £0.62

ESFA will update these initial allocations in:

- July 2023 based on January 2023 census number; and
- July 2024, based on five-twelfths of the January 2023 census numbers (to cover the April 2023 to August 2023 period), and seven-twelfths of the January 2024 census numbers (to cover the September 2023 to March 2024 period).

- 5.10 For the grant allocations based on headcount (ie places and EYPP) the following applies:

Final allocations are based on five-twelfths January 2023 census numbers + seven-twelfths January 2024 census numbers. Final 2023/24 budgets are not finalised until July 2024, and financial year 2023/34 grant is either increased or decreased based on updated census data.

- 5.11 The indicative Early Years DSG budget at the start of the financial year is based on the previous year's take up. The funding allocation is then updated and adjusted mid-year to reflect more recent data, and then a final reconciliation is made in the following financial year based on actual take up.

Disability Access Fund

- 5.12 Allocations are calculated based on estimated Disability Living Allowance (DLA) applications. These allocations will not change and are final for 2023 to 2024.

Early Years Funding distribution

- 5.13 On receipt of the 3- and 4-year-old budget, the LA does the following:
- Allocates 5% for retained items (the maximum that can be retained is 5%)

- Allocates 95% of the budget (called the 'high pass-through rate') to the required base rate and supplements (not be greater than 12% of the total allocation within the formula), SENIF and contingency.

- 5.14 The contingency for 2023/24 has been set at £215,799 and forms part of the high pass-through rate. This provides a small amount of funding to accommodate any variance in the actual take up of places that are not fully accounted for in the overall final grant allocation. It also allows some additional funds to support any possible pressure on the SENIF or deprivation factor.
- 5.15 In accordance with the Safety Valve programme, a request has been made to the SoS to allow any possible remaining funds within the 95%, at the end of the financial year funding cycle to be moved to the HNB. The outcome of the request is still pending.
- 5.16 The Early Years Pupil Premium (EYPP) is a separate funding stream. This is paid to settings and schools after each term's headcount at 0.62 pence per hour. Any underspend on EYPP is expected to be clawed back. Total allocated budget is £101,780.
- 5.17 The Disability Access Fund (DAF) is a one-off lump sum payment of £828 and the total budget is £67,000. The LA is currently able to retain the DAF, which has not been distributed to a setting, and use this in line with the principles and aims of DAF.

Centrally Retained Items

- 5.18 There is an allocation for centrally retained items which includes funding: for information; advice and guidance; training; inclusion and SEND support and advisory work; market management/sufficiency duty and information; and back office/administrative functions. This represents 5% of the expected 3 and 4 year old grant which is equal to £745,000.

2-year-old allocation

- 5.20 On receipt of the 2-year-old allocation, the LA allocates 100% to the required base rate, SENIF and contingency

6. Application of the EYSFF

3 and 4-year-old formula – 'high pass through' to settings (95%)

- 6.1 The methodology/local funding formula used to distribute funding to settings, following consultation, is detailed in this section of the report. Consultation feedback is in Appendix 9 and has guided the methodology within the formula
- 6.2 In line with the statutory requirement Merton has one base rate in the formula for 3- and 4-year-olds (universal and extended entitlement) for all settings as per the table 12 below.

Table 12 Description	2022/23 Rate	2023/24 Rate
All settings	£5.16	£5.31

6.3 Criteria for EYPP will continue to be used as a measure of deprivation for 2023/24.

Table 13 Description	2022/23 Rate	2023/24 Rate
Criteria for EYPP (deprivation)	£1.90	£2.90p

6.4 Table 14 below shows the optional supplementary supplement for sparsity.

Table 14 Description	2022/23 Rate	2023/24 Rate
Sparsity/small providers child-minders	60p	60p

6.5 Table 15 below shows how the DFE allocation of £6.18 per hour is applied across the various elements. To note not all children receive all elements, the purpose is to show the proportionate amount for each element (not per child), and how the 95% high pass through rate is applied. Of note is the new quality supplement for distribution of the TPPG, as well as the percentage increase to the deprivation factor as a commitment to narrowing the gap for children living in low-income households/deprivation.

Table 15

3 4-Year-Old funding distribution		
Type	%	£ / Hour
Retention	5.00%	£0.31
Base Rate	85.92%	£5.31
Sparsity	0.22%	£0.01
Deprivation	3.20%	£0.20
SENIF 1b	0.25%	£0.02
SENIF 1c	2.54%	£0.16
TPPG	1.43%	£0.09
Contingency	1.45%	£0.09
TOTAL	100%	£6.18

Appendix 10 shows the total 3- and 4-year-old budget, and how it is applied to show 95% pass through which is submitted to the DFE

Outside of formula: SEN Inclusion Fund – pass through to settings

6.6 The table 16 below shows the mandatory SEN inclusion Fund (SENIF) pupil rates (3- and 4-year-olds)

Table 16	2022/23	2023/24
Description	Rate	Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.80	£2.80
SEN Support Level 1c	£10.50	£10.50

6.7 SEN support funding is allocated following the published criteria and associated processes. The SENIF, whilst not an allowable supplement within the formula, is included within the 95% high pass through rate. There is a requirement to publish the value of the fund each year.

6.8 The indicative SENIF budget for 2023/24 is £415,438

6.9 The funding element for each SEN support level of the SENIF is through this inclusion fund.

Outside of formula: Contingency

6.10 There is a contingency of £215,799 for 3- and 4-year-olds and to support any in-year growth for children, including those with SEND, children eligible for the deprivation factor and for children who start mid-way through a funding period (after headcount).

6.10 The contingency is included as part of the high pass-through rate. See point 5.14 and consultation response in Appendix 9 for further information about this and proposals for 23/24

Outside of formula: Retained Items

6.11 Within the grant allocation LAs can retain up to 5% of the total 3- and 4-year-old allocation for 2023/24.

6.12 Retained items can only be used to support the delivery of early year's provision in accordance with the statutory duties, including advice; training; information and securing sufficiency and market management. These duties are embedded within the Childcare Act 2006 and are underpinned by Statutory Guidance.

6.13 This year £745,000 has been allocated for retained items for 3- and 4-year-olds.

2-year-old formula

6.14 Table 17 below shows the **base rate** for 2-year-olds

Table 17	2021/2022	2022/23
Description	Rate	Rate
All settings	£5.80	£5.95

Outside of formula: SEN Inclusion Fund

6.15 The table 18 below shows the **discretionary SEN Inclusion Fund** for 2-year-olds

Table 18		
Description	2021/22 Rate	2022/23 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.55	£2.55
SEN Support Level 1c	£7.80	£7.80

6.16 The funding element for each level of the SENIF is through the inclusion fund.

6.17 There is no requirement to have a SENIF for 2-year funding, and therefore no requirement to publish this. However, the total indicative fund for 2-year-olds is £35,500

6.18 Table 19 below shows how the DFE allocation of £6.18 per hour is applied across the various elements.

Table 19

2 Year Old		
Type	%	£ / Hour
Retention	0.00%	£0.00
Base Rate	96.82%	£6.70
SENIF 1b	0.00%	£0.00
SENIF 1c	2.35%	£0.16
Contingency	0.83%	£0.06
TOTAL	100%	£6.92

Outside of formula: Contingency

6.19 There is a limited contingency for 2 year old places, which is a balancing budget

Indicative Budgets

6.20 See Appendix 11 for indicative budgets to settings and childminders

Decisions
Schools Forum is asked to:
<ul style="list-style-type: none"> i) note the early years block allocation for 2023/24 j) comment on the budget setting of the early year's formula for 2-, 3- and 4-year-olds, SEN inclusion fund, Disability Access Fund (DAF). k) approve the retainer of 5% towards central support costs l) approve the proposed quality supplement as a methodology to distribute the Teacher's Pension and Pay Grant (TPPG) m) note the request to the Secretary of State for approval to distribute Early Years DSG underspend to the High Needs Block, at the end of the 23/24 budget cycle.

7. High Needs Block

- 7.1 The high needs funding system is designed to support a continuum of provision for pupils and students with Special Educational Needs and Disabilities (SEND), from their early years to age 25.
- 7.2 Funding to institutions from the high needs block is allocated within the 'place plus' funding approach. The base funding ("place funding") is given to local authorities to distribute (commission) to institutions for them to provide places on an on-going basis. This is supplemented with "top-up funding" which follows individual pupils and students to receive educational support. The top-up funding provided to local authorities includes funding for central services or statutory duties to support these high-cost places.
- 7.3 Table 20 below shows how Merton's High Needs Block funding is allocated.

Table 20 High Needs Block	2023/24	2022/23
Description	£'000	£'000
Mainstream settings (Individual SEN EHCPs)	4,360	4,360
Special Schools	12,062	10,196
Additional Resource Provision bases (ARPs)	3,454	2,083
Pupil Referral Unit (PRU)	2,034	2,034
Centrally retained High Needs funding for commissioned services	466	466
SEN EHCPs for Children and Young People (CYP)	21,258	20,841
Post 16 Further Education (FE) and Independent Special Provision (ISP) funding	2,652	2,452
High Needs Contingency – additional funding (in year)	3,084	3,226
Centrally retained High Needs funding for special schools (ESG)	52	52
Central duties to maintained schools - Education Support Grant (ESG)	15	15
Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG)	163	155
Recoupment for academies places commissioned	-2414	-2,444
Transfers from other blocks	749	698
SOS transfer (awaiting approval)	500	500
Total Funding	49,156	44,634

Mainstream settings and SEN

- 7.4 Schools are expected to contribute the first £6,000 of additional educational support for High Needs pupils and students in mainstream settings before additional SEN funding. This additional support is for a provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and academies will continue to receive a clearly identified 'notional' SEN budget from which to make this contribution. Merton will provide this budget for maintained schools while the ESFA will provide it for academies. The notional SEN will comprise three elements as detailed below in table 21 from school budgets/formula.

Table 21 Notional Formula factor	2023/24
Age Weighted Pupil Unit / allowance (AWPU)	2.50%
Deprivation (Free School Meals & IDACI)	10%
Low cost, high incidence SEN (Low Attainment)	100%

- 7.5 The total notional SEN budget included within the formula is £13.503m for 2023/24 (£12.453m 2022/23) and should be used to support pupils with low cost, high incidence (LCHI) SEN as well as the first £6,000 support for pupils with EHCPs/statements.
- 7.6 The notional allocation is only a guide and schools are expected to set their budgets in such a way as to meet the needs of all their pupils, including those with additional needs, within the resources available.
- 7.7 Early Years settings with SEN children are funded differently from mainstream schools at SEN support, as all funding is child led. All children whose places are funded through the Early Years Dedicated School Grant (EY DSG) (school nursery classes and Private Voluntary and Independent (PVI)) receive their SEN funding as described in section 6 of this report from the early years block.
- 7.8 Where schools have a high number of SEN students, the allocation to support these pupils through the school's formula might not be sufficient. Funding will be set aside in the High Needs Block to support such schools. If more than 3.4% of a school's NOR are pupils with EHCP's, the excess percentage will be multiplied by the school's NOR and multiplied by £6,000 to calculate additional support for the school.
- 7.9 As part of the consultation with schools and academies for 2023/24 79% of respondents approved the budget reduction to £350k (2022/23 £538k) to pay outside of the school formula funding in supporting schools with high numbers of SEN pupils recorded on census. The percentage is set as 3.4% in accordance with affordability.

Table 20 - example of calculation	
School census (Oct 22)	184
SEN census	13
Percentage	7.07%
Threshold 3.4%	-3.4%
184 x 3.67%	6.75 pupils
6.75 pupils x £6,000	£40,500

- 7.10 The NOR is based on the October count, and the number of EHCPs is based on the numbers as per the October EHCPs payment to schools. The number of EHCPs used will exclude pupils funded in special units/ARPs.
- 7.11 Merton's basic EHCP funding will be kept the same as in 2023/24 and is detailed in the table 23 below.

Table 23	Universal Entitlement	Extended Entitlement
	Reception onwards	2, 3 and 4 year olds

Band	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Band1	Part of £6,000 notional SEN funding	Part of £6,000 notional SEN funding	Part of SEN support funding	Part of SEN support funding	Part of SEN support funding	Part of SEN support funding
Band 2	£5,805	£5,805	£5,903	£5,903	£9,739	£9,739
Band 3	£7,983	£7,983	£6,992	£6,992	£11,536	£11,536
Band 4	£10,160	£10,160	£8,080	£8,080	£13,332	£13,332
Band 5	£12,338	£12,338	£9,169	£9,169	£15,129	£15,129

- 7.12 The band amounts shown for 2-, 3- and 4-year-olds are inclusive, and represent the total funds that a setting will receive. This amount is made up from the EYDSG as explained in section 6 above and the “top up” is from the High Needs Block (HNB). For children taking up the extended entitlement the EHCP is not transferable and therefore a child can only access one provision. On this basis, the extended hours EHCP is funded at 60%.

Special Schools

- 7.13 Specialist SEN schools will continue to receive a base level of funding on the basis of an agreed number of planned places commissioned at £10,000 per place. Top-up funding above this level will be commissioned by the LA for 2023/24 as in previous years and as mainstream school places.
- 7.14 An additional £660 per place will be paid to specialist SEN settings, including Alternative Provision (AP), in support of the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG). This was previously paid outside of the DSG in a separate grant but since 2021/22 this has now been rolled into the DSG. There is a minimum place setting of 40 for this additional grant funding as designated by the DfE.
- 7.15 Due to the budgeted increase in growth of pupil numbers at special schools, the special school budget will be increased to cover the cost pressure of supporting these additional children and is built into the budget as reported in table 18 above.
- 7.16 The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.

Additional Resource Provisions (ARPs)

- 7.17 Places in special units and resourced provision attracts a base level of funding of either £6,000 or £10,000 per empty place, depending on whether a place was occupied or empty at the time of the October census. Each child will also receive a 'top-up' element of funding which is recalculated annually to ensure that the funding change does not impact on the total base funding settings received in the previous financial year. The place funding is included in the school block formula and current settings and place numbers as reported in the APT are:

URN	LAESTAB	School Name	2022/23 Pre 16 SEN Places	2023/24 Pre 16 SEN Places	Change/ growth from last year
102632	3152059	Hatfeild Primary School	16	24	8
102652	3152081	West Wimbledon Primary School	25	48	23
102653	3152082	Cranmer Primary School	8	24	24
102662	3152091	Wimbledon Chase Primary School	16	16	
102673	3154050	Ricards Lodge High School	10	10	
102674	3154052	Raynes Park High School	27	27	
102679	3154500	Rutlish School	10	10	
141143	3152002	Harris Primary Academy Merton	22	22	
146401	3152004	Stanford Primary School	24	24	
			150	205	55

- 7.18 Where numbers have increased (+55 new ARP places 2023/24), top-up funding will be adjusted to reflect the growth within the high needs budget. Any additional top up funding banding will be agreed by the SEN Manager and current top-up banding levels.
- 7.19 ARP allocations for 2023/24 will remain similar to the 2022/23 allocations apart from ARP place number growth as reported above.

Pupil Referral Unit (Canterbury Campus and Lavender)

- 7.20 The PRU (Canterbury Campus) will receive a base level of funding of £10,000 per commissioned place. Top-up funding above this level is set at £6,800 (total place plus top up £16,800 per place). Medical pupils attending the PRU (Lavender) will be funded based upon the medical needs of the pupils and commissioning arrangements.
- 7.21 Mainstream schools and academies have important commissioning responsibilities with regard to pupils of compulsory school age who are placed in Alternative Provision (AP) for the purpose of early intervention or as a result of fixed-term exclusion. In such instances they are responsible for paying top-up funding to the AP settings in which they place pupils.
- 7.22 Alternative education and medical service provision are also delivered through the Melbury College.
- 7.23 The exclusion process currently involves a deduction of Age Weighted Pupil Unit (AWPU) against national criteria, and a local agreement to pay £3,000 per excluded

pupil and receive £3,000 for a re-integrated pupil. This agreement is between all secondary maintained schools and academies and will continue in 2023/24.

Centrally retained funding for commissioned services

- 7.24 These services are retained centrally by the Local Authority to deliver direct services or procure services from external providers to ensure the most economic use of resources. The following table 24 details these services:

Table 20	2023/24	2022/23
Description	£'000	£'000
Cost of Merton pupils in other LA maintained schools	2,164	2,164
Cost to other LA's for their children in Merton maintained schools	- 1,159	- 1,159
Merton academies (individual SEN statements/EHCPs)	1,459	1,459
Virtual school	265	265
Sensory team	422	422
Schools standards quality core offer	350	350
Language and learning therapy	662	662
Other non-maintained school related costs	357	357
Education psychology	177	177
Behaviour support	254	254
Education welfare	178	178
SEN referral and early help 0-25 team	158	158
Vulnerable children's education	125	125
Social inclusion	109	109
Merton Autism Outreach Service (MAOS)	102	102
SEN support	86	86
Therapy in special schools	457	457
Independent hospital provision	51	51
Portage	39	39
Independent Providers	14,347	13,999
Independent Residential placements	3,943	3,943
Post 16 providers (FE & ISP)	2,412	2,412
Total Cost	26,958	26,610

- 7.25 Of the centrally retained services funding, Merton has tried to limit cost pressures as far as possible. The increase in number of EHCPs has however resulted in major cost pressure on independent, residential placements and out of borough provision.
- 7.26 The growth received on the HNB is not sufficient to cover the rising cost pressures. For 2023/24 the increase will be allocated against various budgets with known pressures to address the expected overspends, but still leaves a shortfall to meet growth and demand and cost-effective savings to achieve a balanced budget and within the delivery of the Safety Valve agreement.

Post 16 Further Education (FE) College and Independent Specialist Provider (ISP) funding

- 7.27 The funding in this area relates to high level SEN or LDD costs for young people aged over 16 in Further Education (FE) colleges and Individual Service Providers

(ISPs). The responsibility for these payments transferred to Local Authorities within the Children and Families Act 2013 with statutory educational responsibility for young people up to the age of 25.

Centrally retained funding for special schools

- 7.28 This includes the funding for centrally provided services for the special schools, similar to de-delegated budgets held for the maintained primary and secondary schools. The services available are detailed in table 25.

Table 25				
Service	Total £	2023/24 Unit Cost	2022/23 Unit Cost	Measure
Licences and Subscriptions	£3,000	£5.28	£4.41	NOR
School Meals Subsidy	£2,000	£3.52	£1.98	NOR
Schools in Challenging Circumstances	£10,000	£17.61	£14.82	NOR
Parenting and TU cover	£17,017	£29.96	£28.53	NOR
Support to underperforming ethnic minority groups and bilingual learners	£2,000	£3.52	£2.04	NOR
Tree work	£2,000	£3.52	£2.40	NOR
Behaviour Support	£5,000	£8.80	£7.66	NOR
School Improvement	£4,000	£7.04	£5.52	NOR
Attain	£2,000	£3.52	£3.71	NOR
Total budget	£47,017			

Central duties to maintained schools (ESG)

- 7.29 In order to maintain the statutory central duties to Merton maintained schools (the services previously funded by the Education Service Grant (ESG)); schools are required to make a contribution towards these services based on numbers on roll through the AWPU factor (top-up NOR for special schools). The cost to primary, secondary, and special schools will be £37.34 per pupil on roll to provide an overall de-delegated budget of £650k.
- 7.30 For 2023/24 £629k is contributed from the schools' block while £21k comes from the high needs block for special schools (same contribution for 2022/23). As detailed in the school's consultation document, schools are 32% of these costs while the LA funds 68%.

Transfers from other blocks

- 7.31 For 2023/24 Merton will transfer £749k (0.5%) from the Schools' Block to the High Needs Block (£698k in 2022/23). This represents 0.5% of the Schools Block allocation and will be used to continue to fund the growing cost pressure of increased numbers of EHCPs.

7.32 A dis-application request was submitted to the Secretary of State (SOS) on 18th November 2022 to transfer an additional £500k (cash) from the school block to the high needs block. The outcome of this request will be known end of January 2023.

7.33 Another dis-application request was submitted to the SOS on 18th November 2022 with regards to utilising any underspends from the Early Years Block against the overall DSG deficit balance and in support of the Safety Valve agreement with the DfE. Again, the outcome of this request will be known end of January 2023.

Recommendation (n)

School Forum to comment and note the budget setting of the High Needs block budgets for 2023/24.

Financial pressure on the High Needs Block

7.34 The continued increase in numbers of EHCPs is detailed in the table 26 below.

TABLE 26 Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs		Jan 2020 Total Statements and EHCPs		Jan 2021 Total Statements and EHCPs		Jan 2022 Total Statements and EHCP's	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Early Years (incl. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%	7	0%	8	0%	9	0%
Mainstream Schools (incl. Academies, Free and Independent)	422	39%	461	37%	526	35%	584	34%	707	37%	816	36%	889	36%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%	125	6%	133	6%	145	6%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%	474	25%	520	23%	563	23%
Independent Special Schools	132	12%	153	12%	176	12%	228	13%	280	15%	367	16%	338	14%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%	199	10%	268	12%	343	14%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%	35	2%	44	2%	43	2%
Alternative Education (incl. EOTAS, Hospital Schools and EHE)	15	1%	10	1%	22	1%	28	2%	61	3%	37	2%	34	1%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%	40	2%	59	3%	103	4%
Total	1075	100	1242	100	151	100	1712	100	1928	100%	2252	100	2467	100
Change over previous year				16%		22%		13%		11%		17%		10%

7.35 Since January 21 we have seen an increase from 2,252 finalised EHCPs to 2,467 EHCPs in January 2022 (SEN2 data return) which is an increase this financial year of 215 finalised EHCPs, and since COVID we have seen a continued increase in referrals for an EHC Needs assessment.

DSG Safety Valve

- 7.36 Due to the ongoing cost pressures within the High Needs Block, Merton's DSG cumulative reported DSG deficit for 2021/22 closedown was £24.981m. This pressure is expected to continue in 2023/24. While funding growth was received on the HNB grant, this is not sufficient to cover these cost pressures. As at period 8, the forecast deficit reported was cumulative c£25m.
- 7.37 After acceptance on to the DfE Safety Valve Programme in January 2022, Merton has been undertaking actions in line with our Safety Valve agreement to reduce the DSG deficit, and we have received support from the DfE in relation to the ongoing deficit. Quarterly reporting to the DfE is a requirement to demonstrate the impact of the strategies implemented to reduce the DSG deficit over the next 5 years. This includes work with partners to implement collaborative and system wide strategies. We have also reviewed our local provision and in conjunction with our strategic needs analysis have expanded our own provision and continue to look at further opportunities for state funded provision that may reduce reliance on more expensive Independent School Placements.

Recommendation (o)

School Forum to comment and notes the Safety Valve Programme and ongoing work during 2023/24.

8 Financial, resource and property implications

- 8.1 The financial implications are detailed in the main body of this report.

9 Legal and statutory implications

- 9.1 No legal implications at this stage.

10 Human rights, equalities and community cohesion implications

- 10.1 None at this stage.

11 Appendices

- 11.1 Appendix 1: Schools' Consultation Feedback
- 11.2 Appendix 2: ISB allocations
- 11.3 Appendix 3: 2023/24 and 2022/23 comparable funding allocations
- 11.4 Appendix 4: Funding Formula 2023/24 Rates
- 11.5 Appendix 5: 2023/24 APT
- 11.6 Appendix 6: Key changes to EYSFF
- 11.7 Appendix 7: Overall budget EYSFF
- 11.8 Appendix 8: New factor: incorporating TPPG within the quality supplement
- 11.9 Appendix 9: Early Years Consultation Feedback

- 11.10 Appendix 10: Total 3- and 4-year-old budget
- 11.11 Appendix 11: Indicative Early Years Budgets for settings and childminders

12 Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:

- 12.1 Centrally held financial information and other papers held by the Children Schools and Families Finance Team.

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Further information about Merton Council can be obtained from its web site
www.merton.gov.uk