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|  | <p align="center"><b>Schools Forum</b><br/>11 November 2021</p>                                  |
|   | <p align="center"><b>Report from the Strategic Director of<br/>Children and Young People</b></p> |
| <p align="center"><b>Dedicated Schools Grant Funding update 2022/23</b></p>       |  |

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| <b>Wards Affected:</b>  | All  |
| <b>Key or Non-Key Decision:</b>   | N/A  |
| <b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | N/A  |
| <b>No. of Appendices:</b>   | None   |
| <b>Background Papers:</b>   | None   |
| <b>Contact Officer(s):</b><br>(Name, Title, Contact Details)  | <p>Olufunke Adediran,<br/>Head of Finance – CYP<br/>0208 937 1196<br/>Email: <a href="mailto:Olufunke.adediran@brent.gov.uk">Olufunke.adediran@brent.gov.uk</a></p> <p>Folake Olufeko<br/>Senior Finance Analyst – CYP<br/>0208 937 2491<br/>Email: <a href="mailto:Folake.Olufeko@brent.gov.uk">Folake.Olufeko@brent.gov.uk</a></p> |

## 1. Purpose of the Report

- 1.1. To inform Schools Forum of the provisional DSG block funding allocations announced for 2022/23.

## 2. Recommendations

- 2.1 Schools Forum is asked to note the 2022/23 allocations which will form the basis of further detailed work to allocate funding to individual schools and settings at the January 2022 meeting.

## 3. Summary of Provisional DSG Funding allocation 2022/23

- 3.1 Provisional funding allocations announced in July 2021 indicated that core school funding will increase nationally by £2.3 billion in 2022/23. This is in line with the confirmed 2020 Spending Review increases to funding for schools in England by £7.1 billion by 2022/23 compared to 2019/20. The previous increases had been £2.6 billion in 2020/21 and £4.8 billion in 2021/22.

- 3.2 In Brent, the overall Schools Block funding will increase by £1.8 million in 2022/23, which represents a 0.7% increase. This is lower than the national percentage increase of 2.9% and lower than the average of 1.7% for Local Authorities (LAs) in London. Factors which have contributed to the lower increase in funding include the fact that London has the lowest share of primary and secondary schools with a per-pupil funding level which is below the 2022/23 minimum per pupil rate of £4,265 for primary schools and £5,525 for secondary schools. This means that fewer schools will be uplifted to these levels. There is also the impact of decreases in primary pupil numbers.
- 3.3 The High Needs Block (HNB) will also see an increase of £5.3 million, representing an 8% increase. This is below the London average of 8.21% and the national average of 8.84%. Factors that have contributed to this outcome include; London experiencing the lowest increase in the funding floor factor as a result of reduction in pupil numbers; and the lowest increase in 3 out of the 6 Income Deprivation Affecting Children Index (IDACI) bandings which is also a funding factor of the HNB.
- 3.4 The Central block will see a 6% reduction and LAs in London will experience smaller than average percentage increases in funding for ongoing responsibilities (1.3% compared to 2.0% nationally). This is driven by London experiencing the largest decreases in schools block pupils and FSM pupils, impacting on the basic per pupil and deprivation funding factors respectively.
- 3.5 The Early Years Block increase is yet to be confirmed

**Table 1: Provisional DSG Funding 2022/23**

| <b>Brent NFF Funding Allocation</b> | <b>Schools Block</b> | <b>High Needs Block</b> | <b>Central Services Block</b> | <b>Early Years Block</b> | <b>Total</b>   |
|-------------------------------------|----------------------|-------------------------|-------------------------------|--------------------------|----------------|
|                                     | £'000                | £'000                   | £'000                         | £'000                    | £'000          |
| <b>2021/22</b>                      | 248,189              | 66,972                  | 2,284                         | 23,374                   | <b>340,819</b> |
| <b>2022/23 (Provisional)</b>        | 249,958              | 72,303                  | 2,139                         | 23,374                   | <b>347,774</b> |
| <b>Increase/(Reduction)</b>         | <b>1,769</b>         | <b>5,331</b>            | <b>(145)</b>                  | <b>0</b>                 | <b>6,955</b>   |
| <b>% Change</b>                     | <b>0.7%</b>          | <b>8.0%</b>             | <b>(6%)</b>                   | <b>0.0%</b>              | <b>2.0%</b>    |

#### **4. Schools Block**

- 4.1. The Government is still considering a compulsory move towards implementing a full National Funding Formula (NFF), but recognises the impact this may have on LAs whose local funding factors are significantly different from the NFF

factors. Therefore, the government proposes that in 2023/24, each LA would be required to bring each of its local formula factors at least 10% closer to the NFF factor value, compared to how far the factor was from the value in 2022/23.

- 4.2. The government recognises that LAs will start updating their local formulae for 2022/23 in the summer and early autumn of 2021, and are mindful of what the impact would be, were they to introduce new restrictions on LA formulae mid-way through this planning process. As a result, there are no new restrictions on LA formulae for 2022/23.
- 4.3. The total Schools Block funding allocated for LAs in 2022/23 is calculated by the NFF, including any guaranteed minimum funding increases.
- 4.4. Funding through the schools NFF will increase by 3.2% overall in 2022/23, and by 2.8% per pupil (2% per pupil for Brent which is the minimum increase). The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2022/23 are:
  - The core factors in the NFF, such as basic per-pupil funding, and funding for additional needs such as deprivation, will increase by 3%. These are pupil led factors within the NFF.
  - A funding floor will ensure that every school is allocated at least 2% more pupil-led funding per pupil compared to the 2021/22 allocation.
  - The minimum per pupil funding levels will increase by 2%, compared to 2021/22. This means that every primary school will receive at least £4,265 per pupil, and every secondary school at least £5,525.
- 4.5. The 3.2% increase to the key NFF factors is a positive step towards matching the current local Brent formulae. Currently in Brent, local formula funding levels per pupil averages £5,408 for primary pupils and £6,826 for secondary pupils.

## **5. High Needs Block**

- 5.1. The additional £5.3 million represents an 8% increase in the High Needs Block income, which would be enough to cover the current 2021/22 forecasted imbalance between High Needs expenditure and income. However, the increase will not be sufficient to also cover the brought forward 2020/21 DSG deficit of £10.5 million and any further increase in demand for Education, Health & Care Plans (EHCPs) in 2022/23. A funding allocation of £72.3 million will also be in line with the HNB deficit management plan which had estimated income of £71.8 million for this block in 2022/23.

- 5.2. The High Needs Block received a transfer of 0.5% of the Schools Block income in 2021/22 and continuing this transfer in 2022/23 would enable potential pressures arising from the growth in EHCPs to be mitigated or go towards mitigating the brought forward DSG deficit from 2020/21 and 2021/22.
- 5.3. The DfE had announced a SEND review in September 2019, five years on from the 2014 reforms. The review has been delayed for the third time due to the Covid-19 pandemic. The focus of the review will be on;
- High quality outcomes by education, health and social care;
  - Supporting mainstream schools to meet the needs of the majority of children with SEND;
  - Making the EHCP process streamlined and consistent having recognised that the 2014 reforms were overly focussed on EHCPs;
  - Increase capacity in the specialist sector to place children close to home, at a sustainable cost.

## **6. Early Years**

- 6.1. No published announcement has been made regarding the Early Years block funding for 2022/23 but following the Spending Review 2021 a further update from the DfE has confirmed that the Early Years Block will receive additional funding worth £160 million in 2022/23 and £180 million in 2023/24 to enable LAs increase hourly rates paid to providers for childcare entitlement offers and reflects the costs of inflation and national living wage increases. An Early Years funding report for 2022/23 will be brought to Schools Forum in January 2022 detailing the revised funding rates.
- 6.2. The DfE has returned to the normal early years funding process from the start of 2021 and intend to use the January 2022 census count to drive funding allocations for the 2022 Spring term.
- 6.3. The four maintained nursery schools in Brent receive a specific allocation of £0.72 million. It was announced that this grant would continue in the academic year 2021/22 but it is not known if it will continue beyond then. Given the importance of this funding to the maintained nursery schools, this situation will need to be closely monitored.

## **7. Central Block**

- 7.1. The Central Block funding for Brent is set to reduce by £0.145 million for 2022/23. There are two elements of this funding block. Nationally, funding in 2022/23 will increase by 2.0% for ongoing responsibilities that LAs continue to have for all schools, while funding for historic commitments within this block will

decrease by a further 20% from 2021/22; for those local authorities in receipt of this funding. However, for Brent the impact is an overall reduction in funding for both elements of £42k and £103k respectively. This represents a 6% reduction in funding. This reduction reflects the DfE's expectation that LAs are, over time, unwinding the historic commitments, which have been funded by the DSG and also factors in the impact of decreases in pupil numbers.

- 7.2. The DfE are not making any changes to the regulations that LAs can spend the same amount on historic commitments that they did in 2021/22. Therefore, an LA can continue spending on historic commitments at current levels using other funding where appropriate, such as the General Fund.
- 7.3. This reduction in funding will create a budget pressure in the Central Block, as most of the historic commitments are long-term commitments, which cannot be rapidly reduced or easily funded by a constrained General Fund. As part of the 2021/22 budget monitoring, there are some reported underspends in the Central Block and officers will seek to balance the position for the 2022/23 budget.

## **8. Spending Review 2021 (SR21)**

- 8.1. The SR21 announcement by the Chancellor of the Exchequer on 27<sup>th</sup> October 2021 confirms a £4.7 billion growth by 2024/25 for the core schools budget in England. This growth includes funding to cover the cost of a temporary increase in National Insurance Contributions (NIC) of 1.25% for 2022/23. From April 2023 onwards, the NIC rates will decrease back to 2021/22 levels and will be replaced by a new 1.25% Health and Social Care Levy. The funding would also be used to increase teacher starting salaries to £30,000. At the time of writing this paper, it is not known the extent to which the funding would be subject to a levelling up process in the DfE's steps to a hard NFF.
- 8.2. There will be a £1 billion Recovery Premium for the next two academic years for schools. This funding is based on pupil premium eligibility. Primary schools will continue to benefit from an additional £145 per eligible pupil, but it is expected that the funding for Secondary Schools will nearly double which may be close to the £290 rate for pupils in Special Schools, Alternative Provision & Pupil Referral units. Additional funding was also announced of £324 million in 2024/25 for additional learning hours for 16-19 year olds. This funding increases the average hours funded in 16-19 education by 40 hours.
- 8.3. It makes available £2.6 billion over the SR21 period for school places for children with special educational needs and disabilities.

- 8.4. £170 million by 2024/25 to increase the hourly rate to be paid to early years providers, to deliver the government's offers for free hours.
- 8.5. Further details will be expected in the coming weeks detailing how the funding will be allocated.

## **9. Financial Implications**

- 9.1. The financial implications have been detailed in the body of this paper and additional funding received would go towards mitigating inflationary costs pressures faced by schools.
- 9.2. The additional funding for the HNB is not sufficient to mitigate the cost of increases in the demand for EHCPs and recover the current deficit. Once further details on the SR21 funding are announced, the DSG Management Plan will be revised to take into account any further growth in funding.

## **10. Legal Implications**

- 10.1. There are no legal implications for this report.

## **11. Equality Implications**

- 11.1. Not applicable.

## **12. Consultation with Ward Members and Stakeholders**

- 12.1. Not applicable.

## **13. Human Resources/Property Implications (if appropriate)**

- 13.1. Not applicable.

**Report sign off:**

Gail Tolley  
Strategic Director of Children and Young People