

	<b>Schools Forum</b> 20 January 2022
	<b>Report from the Strategic Director          of Children and Young People</b>
<b>Dedicated Schools Grant Schools Budget 2022/23</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
<b>No. of Appendices:</b>	Two Appendix A – Funding Formula Rates 2022-23 Appendix B – School Level Allocations 2022-23
<b>Background Papers:</b>	Prior Financial reports to Schools Forum.
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## 1. Purpose of the Report

- 1.1. This report sets out the proposed DSG Schools Budget for consultation and agreement by Schools Forum ahead of the Council budget being set and approved by full Council.

## 2. Recommendations

- 2.1. Schools Forum is asked to:
- a. In line with 2021/22, approve the transfer of £1.2m (0.5%) from the Schools Block to support the High Needs Block. Department for Education (DfE) regulations permit up to 0.5% of the Schools Block to be transferred with Forum approval.
  - b. Note the additional funding allocations to Brent, as mentioned in the 2021 Spending Review.
  - c. Recommend the budget for the DSG blocks, including the mainstream funding formula, to Full Council for approval.
- 2.2. Maintained school members of the Schools Forum are requested to approve the proposed de-delegation arrangements set out within this report; including the proposal

to fund redundancy costs for school based staff from the de-delegated contingencies budget.

### 3. Summary- 2022/23 DSG Funding Announcements

- 3.1. In November 2021, Schools Forum was presented with the provisional DSG allocations, which were published in July 2021. The final DSG block funding allocations were announced on 16 December 2021. This report gives an update of the final Schools Block allocations which includes the growth funding allocation.
- 3.2. Following the 2021 Spending Review, the government has announced that it will provide a Schools Supplementary Grant of £1.2bn, in addition to the DSG for mainstream schools. Brent is estimated to receive £6.9m of this grant. School-level allocations of the Schools Supplementary Grant will be published in Spring 2022. The grant will be available to primary, secondary, maintained nursery schools and Post 16 provisions to support cost pressures in respect of the 1.25% Health and Social Care Levy (Increased National Insurance Contributions) effective from 2022/23 and other wider cost pressures as defined by the Department for Education (DfE).
- 3.3. The government has also announced an additional £325m in 2022/23 for Special schools and other providers funded from the High Needs Block (HNB), through a top up to the HNB of the DSG. This is an increase of 4% to the High Needs allocations announced in July 2021. Brent is estimated to receive an additional £2.9m of this grant.

**Table 1**

<b>2022/23 Brent DSG Funding Allocations</b>	<b>Schools Block</b>	<b>High Needs Block</b>	<b>Central Services Block</b>	<b>Early Years</b>	<b>Total</b>
<b>Confirmed</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
2021/22	247,702	66,396	2,284	23,374	<b>339,756</b>
2022/23	249,727	71,926	2,129	21,957	<b>345,739</b>
Increase/(Reduction)	<b>2,025</b>	<b>5,530</b>	<b>(155)</b>	<b>(1,417)</b>	<b>5,983</b>
% Change from 2021/22	<b>0.8%</b>	<b>8.3%</b>	<b>(6.8%)</b>	<b>(6.1%)</b>	<b>1.8%</b>
Spending Review: Provisional schools supplementary grant & additional HN funding	<b>6,875</b>	<b>2,874</b>			<b>9,749</b>
<b>Total funding allocations for 2022/23</b>	<b>256,602</b>	<b>74,800</b>	<b>2,129</b>	<b>21,957</b>	<b>355,488</b>

- 3.4. For 2022/23, the growth funding allocation has been reduced from £2.1m in 2021/22 to £1.0m in 2022/23. The allocation is based on the difference between the number of pupils on roll in each school between the October 2020 and October 2021 school censuses. This growth funding allocation is included in the overall Schools Block funding for 2022/23 as shown in Table 1 above.
- 3.5. The final HNB allocation has been announced at £71.9m, a £0.377m decrease from the provisional allocation of £72.3m announced in July 2021. There has also been a £0.576m reduction in the 2021/22 HNB allocation due to a recoupment of funds for Brent pupils placed in other local authorities. This follows an import/export review by the DfE

which was carried out in July 2021. The reduction was forecasted in the DSG Budget Monitoring report which was presented to Schools Forum in November 2021.

- 3.6. The HNB allocation for 2022/23 is £5.5m more than the allocation for 2021/22, and represents a funding increase of 8.3%. However, the 2021/22 HNB expenditure budget is currently forecast to spend £71.5m. This is inclusive of £7.6m recouped for Brent pupils, with high needs, placed in other local authorities. The number of children with Education, Health and Care plans (EHCPs) is continuing to increase, therefore in addition to a number of measures outlined in the DSG deficit recovery plan, it is recommended that there is a transfer of 0.5% from the Schools Block to the HNB to mitigate the growing demand. This equates to a transfer of £1.2m, which would bring the HNB budget to £73.1m. A detailed breakdown of the HNB budget will be presented to Schools Forum in February 2022.
- 3.7. The Early Years Block allocations were also published in December 2021. For Brent, the hourly rate from the Early Years National Funding Formula for Early Years Provision for 2 year olds has increased from £6.08 in 2021/22 to £6.29 in 2022/23 and for 3 & 4 year olds has increased from £5.51 to £5.68 in 2022/23. Although the funding has increased at a per pupil level, the reduction in overall funding of £1.4m is mainly as a result of the drop in the number of children requiring early years provision, following the repeated lockdowns from March 2020, as a result of the Covid-19 pandemic. The detailed Early Years Block budgets will be presented in a separate paper to this Schools Forum.
- 3.8. The Central Schools Services Block funding is allocated to local authorities to carry out central functions on behalf of pupils in maintained schools and academies. The Central Block funding is split into two elements: funding for ongoing responsibilities and funding for historic pension costs for centrally employed teachers. The Central School Services Block income was confirmed at £2.1m, a decrease across both elements of £0.155m compared to 2021/22.

#### **4. Schools Supplementary Grant and High Needs Top Up Funding**

- 4.1. The allocations for the School Supplementary Grant as shown in Table 1 represents an additional funding of £6.9m for the Schools Block.
- 4.2. This additional funding will be provided in each year of the current Spending Review period. It is the DfE's intention that payment of this additional funding will be in the form of a separate grant for 2022/23 only. The funding will be incorporated into core budget allocations for 2023/24 where possible. As a result, for 5 to 16 aged pupils in schools, the funding will be rolled into the schools' National Funding Formula (NFF) for 2023/24.
- 4.3. In recognition of the funding cycle for academies, which follows the academic year (rather than the financial year, as for local authority-maintained schools), academies will receive an additional allocation of the schools supplementary grant to cover April to August 2023, this is the period in advance of the funding being rolled into academies' core budget allocations through the NFF.
- 4.4. This additional funding against the Schools Block of the DSG will go towards supporting Brent schools, especially those experiencing financial difficulty and currently projecting an in-year deficit. For maintained mainstream schools, the grant will be paid to local

authorities to transfer to individual schools at the rates published by the DfE. The DfE will pay published rates directly to academies.

- 4.5. These local authority allocations of the school supplementary grant are indicative only, as they are calculated using preliminary data from the October 2021 census. In particular, part of the allocations will depend on the number of "FSM6" pupils a school has - that is pupils who either currently are, or have been, recorded as eligible for free school meals at any point in the last six years. The final FSM6 data will be available in early 2022. Final school level allocations of the school supplementary grant will be confirmed in Spring 2022, based on final FSM6 data and an number of other factors such as a basic per pupil rate and a lump sum paid to all schools.
- 4.6. The 2022/23 HNB base funding allocation of £71.9m is in line with the HNB deficit management plan which had estimated £71.8m income for this block in 2022/23. However, the increase will not contribute towards the projected cumulative DSG deficit of £15.4m. This additional top up funding of £2.9m will contribute towards funding any further additional pressures due to increased number of ECHPs in the following year, compared to 2021/22.

## **5. Schools Block Expenditure – Mainstream Funding Formula**

- 5.1. The mainstream funding formula for 2022/23 excluding the allocated growth fund totals £244.067m. This excludes £1.9m of the Schools Block funding which has been clawed back by the DfE to pay for Non Domestic Business Rates directly to billing authorities on behalf of schools; and includes £0.486m de-delegated funds and £0.360m retained by the council as a contribution towards fulfilling the education services. This leaves £243.365m to be transferred to schools.
- 5.2. The DSG contribution to central services to fund education functions is £0.6m, made up of the £0.25m contribution from all schools and the £0.36m from maintained schools. This was agreed at previous Forums, and comparative London benchmarking information was presented at Forum in November 2019.

## **6. De-Delegations**

### Redundancy funding

- 6.1. If in exceptional circumstances school redundancies are eligible to be funded centrally then these will need to be found from within wider DSG funding. It is proposed that this is funded from the Schools Facing Financial Difficulties Fund (SFFDF) with a current budget of £175k as shown in Table 2 below. However, this expenditure is currently forecast to spend to budget in this financial year and may present a financial pressure in 2022/23 if the same level of spend is maintained.
- 6.2. As in previous years, approval to de-delegate is sought on the basis that centralised budgets provide better value, and that maintained schools have open access to the services listed in the table below.
- 6.3. The Per Pupil rates have been adjusted in line with the decrease in pupil numbers to maintain the same level of funding as in 2021/22 for contingencies, licences and staff costs cover. The Free Schools Meals eligibility service has been increased slightly to factor in additional on-costs from 2021/22.

#### 6.4. Table 2 – De-delegated items

	2021/22		2022/23	
Primary Pupil Numbers	19,109		18,676	
Secondary Pupil Numbers	2,047		1,925	
<b>Total Maintained pupils</b>	<b>21,156</b>		<b>20,601</b>	
	<b>Rate per pupil (£)</b>	<b>Amount (£)</b>	<b>Rate per pupil (£)</b>	<b>Amount (£)</b>
Contingencies- Schools in Financial Difficulty. Proposed to include redundancy funding from 2022/23	8.29	175,383	8.51	175,383
Free School Meals eligibility service	1.15	24,329	1.21	25,000
Licenses/ Subscriptions	0.25	5,289	0.26	5,289
Staff costs	13.24	280,105	13.59	280,000
<b>Total De-delegated items</b>	<b>485,106</b>		<b>485,672</b>	

### 7. Funding Formula Rates

- 7.1. Appendix A provides information on the funding factor rates used in the proposed funding formula, with a minimum funding guarantee set at 1.5%. This follows consultations with the schools and the November Schools Forum endorsement to change the current local funding factors to enable a gradual move towards the National Funding Formula, which is set to be compulsory from 2023/24.
- 7.2. The agreed local funding option which has been used to set the budgets for 2022/23 includes:
- (a) The introduction of the Free Schools Meals (FSM) funding factor; and
  - (b) Making a 10% move towards the NFF funding rates, whilst maintaining the Age-Weighted Pupil Unit (AWPU) element at current rates and using the Minimum Funding Guarantee (MFG) to mitigate against any losses.
- 7.3. Appendix B contains an analysis of the funding formula by individual school, giving both the total formula funding and per pupil funding against the previous year. It should be noted that changes in individual school funding are also caused by changes to the pupil cohort data for that school, e.g. the number of pupils attracting the low prior attainment funding factor will change from year to year, so changes in funding are not solely driven by changes to pupil numbers and to the funding factor rates in Appendix A.
- 7.4. The funding formula is subject to a positive MFG of 1.5% which ensures that per pupil funding will increase by this proportion. Under these proposals 59 out of 76 schools require an MFG allocation, and this totals £2.3m. This adjustment is included in the overall post de-delegations and education functions budget as shown in Appendix B.

## **8. Growth Fund**

8.1. The Growth budget funds increases in pupil numbers, as well as the Choice Advance and Fair Access Interview (CAFAl) projects for children who are new to the country. The growth budget in 2021/22 is £2.25m, and is expected to spend to budget. In 2022/23, two of the five CAFAl projects are expected to come to an end, releasing £243k of this budget. It is proposed to retain the current growth budget and use this surplus to fund the projected growth in the Secondary phase.

## **9. Financial Implications**

9.1. The financial implications have been detailed in the body of this paper.

## **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