

	<b>Schools Forum</b> 3 November 2022
	<b>Report from the Corporate Director          of Children and Young People</b>
<b>Dedicated Schools Grant Provisional Funding update          2023/24</b>	

<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>	Nil
<b>Background Papers:</b>	
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## 1. Purpose of the Report

- 1.1. This report informs Schools Forum of the provisional DSG block funding allocations announced for 2023/24.

## 2. Recommendations

- 2.1 Schools Forum is asked to note the 2023/24 allocations. The allocations will form the basis of further detailed work to allocate funding to individual schools and settings at the January and February 2023 meetings, once final funding is confirmed.

## 3. Summary of Provisional DSG Funding allocation 2023/24

- 3.1 Provisional funding allocations announced in July 2022 indicated that the schools, high needs and central schools services blocks would increase by 2.7% nationally i.e. £1.4 billion in 2023/24. However, London will see an overall increase of 2.4%.

**Table 1: Provisional DSG Funding 2023/24**

<b>Brent NFF Funding Allocation</b>	<b>Schools* Block</b> (excluding Growth Factor)	<b>High Needs Block</b>	<b>Central Services Block</b>	<b>Early** Years Block</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2022/23</b>	255,807	75,043	2,128	23,238	<b>356,350</b>
<b>2023/24 (Provisional)</b>	258,771	78,711	2,094	22,654	<b>362,230</b>
<b>Increase/(Reduction)</b>	<b>2,964</b>	<b>3,668</b>	<b>(34)</b>	<b>(584)</b>	<b>5,880</b>
<b>% Change</b>	<b>1.16%</b>	<b>5%</b>	<b>(1.6%)</b>	<b>(2.5%)</b>	

\*Schools Block 22/23 includes the supplementary grant, however the growth factor has been excluded to be comparable with DfE published data.

\*\* Illustrative data from the Early Years Block used the January 2021 census data and Brent numbers have increased since then. The data will be updated and new figures provided by the autumn term 2022.

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

- 4.1. In Brent, the overall Schools Block funding will increase by £2.964 million in 2023/24, representing a 1.16% increase. This is lower than the national percentage increase of 1.9% and lower than the average of 1.6% for Local Authorities (LAs) in London when compared to 2022/23. Pupil numbers drive the allocation of funding. Primary pupil numbers have been declining across London and in Brent, resulting in lower DSG allocations.
- 4.2. In line with the Department for Education's (DfE) move towards implementing a full National Funding Formula (NFF), and following the outcome of the consultation in 2021, it is expected that each LA should bring its local formula factors at least 10% closer to the NFF factor values, compared to how far the factor was from the value in 2022/23. A definitive final "end date" at which the direct NFF will be implemented has not been set but to give an idea of the likely timescales to inform schools' and local authorities' planning, it is expected that the move will happen within the next five years i.e. by 2027/28. However, the DfE has also stated publically that if they can move earlier, they will.
- 4.3. A further consultation, which closed in September 2022, focused on the implementation of the direct NFF and the outcome of the consultation is expected to be published by December 2022. There were a number of proposals and those relevant to Brent include:
  - 4.3.1. Proposals in relation to the transfer of funds between blocks, to introduce some flexibility to allow local authorities to continue to have the option to implement transfers, particularly from the Schools Block to the High Needs Block.

- 4.3.2. The determination of notional budgets for mainstream schools' SEND support within the NFF, with a review of the £6k threshold and considering making it a ring fenced grant.
- 4.3.3. Proposals on how funding for schools experiencing significant growth in pupil numbers or falling rolls could operate by for example, introducing a standardised formulaic approach.
- 4.4. The NFF will distribute funding based on schools' and pupils' needs and characteristics. The main features in 2023/24 are:
  - 4.4.1. The schools supplementary grant received in 2022/23 will be rolled into the schools NFF core budgets.
  - 4.4.2. The core factors in the NFF (such as basic per-pupil funding, and funding for additional needs such as deprivation) will increase by 2.4%.
  - 4.4.3. Funding for disadvantaged pupils will see greater increases – with funding for the FSM6 factor and the IDACI factor increasing by 4.3% compared with their 2022/23 values. Brent introduced the use of the FSM factor in line with DfE guidance in 2022/23 so this increase will benefit all schools. In line with a 10% move to the NFF, some of the IDACI rates will reduce which will have an impact on some schools. However, the Minimum Funding Guarantee (MFG) will be used to mitigate impact. For 2023/24, the MFG to protect schools from excessive year on year changes will be set between +0% and +0.5% per pupil.
  - 4.4.4. The funding floor will ensure that every school is allocated at least 0.5% more pupil-led funding per pupil compared to the 2022/23 allocation.
  - 4.4.5. The minimum per pupil funding levels will increase by 3%, compared to 2022/23. This will mean that, next year, every primary school will receive at least £4,405 per pupil and every secondary school at least £5,715. These amounts are still lower than the Brent 2022/23 average under the Local Funding Formula (LFF) of £5,508 for primary and £6,900 for secondary.

## **5. High Needs Block**

- 5.1. The High Needs Block (HNB) will also see an increase of £570 million nationally, which represents a 6.4% increase compared to 2022/23. The NFF will ensure that every local authority receives an increase of at least 5% per head of population, compared to 2022/23, and no more than 7%. Brent will

receive the minimum increase of 5% equating to £3.5 million. This is below the London average of 5.8%. A key factor that has contributed to this outcome is demographic trends. As London is experiencing a low percentage increase in population, it will receive low percentage increases across various funding factors such as Free School Meals and population funding.

- 5.2. The additional £3.5 million is lower than the funding increase received in the past few years and may not be sufficient to cover the current 2022/23 forecasted imbalance between High Needs expenditure and income and fund any further increases in demand for Education, Health and Care Plans (EHCPs) in 2023/24. The increase will also not be sufficient to cover the brought forward 2021/22 DSG deficit of £15.1 million.
- 5.3. The High Needs Block received a transfer of 0.5% of the Schools Block income in 2022/23. Continuing this transfer in 2022/23 would enable potential pressures arising from the growth in EHCPs to be mitigated and would help towards mitigating the brought forward DSG deficit.
- 5.4. Brent is part of the Delivering Better Value (DBV) in SEND programme, a DfE initiative to provide dedicated support and funding to help local authorities reform their high needs systems. There is a provision of £85m over 3 years from 2022/23 to support 55 local authorities with DSG deficits. Each local authority is being supported to gather evidence to secure the necessary funding of about £1 million in January 2023 to reform the high needs systems with the aim of improving delivery of SEND services for children and young people while ensuring services are sustainable. The HNB Management Plan will be updated in line with outcomes of the programme.

## **6. Central Schools Services Block**

- 6.1. The Central Block will see an overall 4.1% reduction nationally. This Block consists of funding for ongoing responsibilities, which will increase by 2.2%, while funding for historic commitments within this block will decrease by a further 20% from 2022/23.
- 6.2. London will see an average percentage increase in funding for ongoing responsibilities of 1.9% compared to 2.2% nationally. This is driven by London experiencing a significant decrease in schools block pupils and FSM pupils against the October 2021 Census FSM data, which impact on the basic per pupil and deprivation funding factors respectively.
- 6.3. Although the overall change for Brent shows a 1.6% net reduction, this consists of:

- 6.3.1. A 2.81% increase in the per pupil rate of funding for ongoing responsibilities, i.e. an increase of £48k due to an increase in the number of FSM pupils.
- 6.3.2. A 20% reduction against historic commitments, which equates to a £82k reduction. This reduction reflects the DfE's expectation that LAs are, over time, unwinding the historic commitments that have been funded by the DSG. The historic commitments currently relate to a pensions strain contribution to the General Fund and this reduction will have an impact on the General Fund.

## 7. **Early Years Block**

- 7.1. The DfE launched an Early Years Block NFF consultation, which ended 16th September 2022. The outcome is expected in December 2022.
- 7.2. One of the proposals in the consultation is to roll the Teachers Pay and Pensions grant (TPPG) into 3 and 4-year-old funding rates estimated as £0.13 and £0.56 into the Maintained Nursery Schools supplementary funding rate for Brent. The TPPG rates have been included in the comparative 2022/23 rates and are not increases to the funding block allocation.
- 7.3. The illustrative allocations to local authorities are based on the part time equivalent January 2021 census data. Final allocations will be based on the January 2022 census data and will be presented at the January Schools Forum. Indicative rate increases for the Block are as follows:
  - 7.3.1. Nationally, the 2-year-old rate will see increases ranging from 1% to a maximum 8.6%. The London average is 8.3%, whereas Brent will see an increase of 7.6% i.e. the 2022/23 funding rate of £6.29 will increase by 48p to £6.77.
  - 7.3.2. Nationally, the 3 and 4 year old rates will see increases ranging from 1% to a maximum of 4.5%. The average increase for London is 1.7%. Brent will see an increase of £0.06, which represents a 1% increase i.e. from £5.81 for 2022/23 (including the illustrative TPPG rate) to £5.87. 95% of the funding rate is passed on to providers and 5% is used to funding Early Help local authority services.
  - 7.3.3. The Maintained Nursery Schools Supplementary (MNS) funding will see a £0.14 increase i.e. including an illustrative amount for the TPPG; the rate will increase from £4.99 to £5.13.

7.3.4. There was also a proposal to introduce a minimum hourly funding rate and a cap on the hourly funding rate for MNS supplementary funding. The implications of this proposal for Brent is that the nurseries' MNS funding will be driven by take-up hours as opposed to the current funding methodology of allocating a £175k lump-sum and funding towards National Non Domestic Business Rates (NNDR).

## **8. Schools Update**

8.1. In 2022/23, the number of Brent schools projecting an in year deficit has increased to 67%. 23% of these schools plan to use over 50% of reserves to balance their budgets. Schools are feeling the impact of rising inflationary costs and increases in energy prices alongside the prospect of teachers pay increasing by 5% in 2022/23 and starting salaries rising by 8.9% to £30k.

8.2. The DfE expects schools to manage these pressures within the allocated funding increase of 3.6% in 2022/23 and 1.2% expected in 2023/24. A number of Brent schools are also experiencing falling rolls and as a result will have significant reductions in funding. This is requiring schools to make strategic decisions to mitigate the impact of this, including the consideration of staffing restructures.

8.3. In response to this, alongside measures to support schools, such as capping admission numbers, a School Place Planning Working Group will be established to review the sustainability of provision in some primary planning areas.

## **9. Financial Implications**

9.1. The financial implications have been detailed in the body of this paper and additional funding received could go towards mitigating cost 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. The HNB Management Plan in place will be updated in line with the outcomes of the DBV in SEND programme.

## **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. Cabinet Members will be kept abreast of the DSG Provisional Funding 2023/24 as part of the Council's Budget monitoring process for 2023/24.

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

- 13.1. Not applicable.

**Report sign off:**

***Nigel Chapman***

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