



**Schools Forum**  
19 January 2023

**Report from the Corporate Director of  
Children and Young People**

**Dedicated Schools Grant Schools Budget 2023/24**

<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)	Open
<b>No. of Appendices:</b>	Three  Appendix A- 2023-24 Funding Formula Rates Appendix B – 2023-24 School Level Allocations Appendix C – DfE's Split Site Eligibility Criteria
<b>Background Papers:</b>	None
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**1. Purpose of the Report**

- 1.1. This report sets out the proposed DSG Schools Budget for 2023/24 for consultation and agreement by Schools Forum ahead of the Council budget being set and approved by full Council in February 2023.

**2. Recommendations**

- 2.1. Schools Forum is asked to:

- In line with 2022/23, approve the transfer of (0.5%) £1.3m from the Schools Block to support the High Needs Block. Department for Education (DfE) regulations permit up to 0.5% of the Schools Block funding can be transferred with Forum approval.
- Note the additional funding allocations to Brent, as mentioned in the Government's Spending Review 2021 and Autumn Statement 2022.

- c. Endorse the 2023/24 budget for the DSG Blocks, including the mainstream funding formula, to Full Council for approval.
  - d. Note the DfE's update on split site funding effective from 2024/25
- 2.2. Maintained school members of the Schools Forum are requested to approve the proposed de-delegation arrangements set out within this report. This includes the proposal to provide an allocation to fund redundancy costs for school-based staff from the de-delegated contingencies budget and the proposal to de-delegate funds from schools to make provisions for the local authority to continue to support school improvement activities.

### **3. 2023/24 DSG Funding Announcements**

- 3.1. In November 2022, Schools Forum was presented with the provisional DSG allocations, which were published in July 2022. The final DSG block funding allocations were announced on 16 December 2022. This report gives an update on the final Schools Block allocations which includes the growth funding allocation.
- 3.2. The 2022 Autumn Statement announced that the core schools' budget would increase by £2.3bn in the next two financial years 2023/24 and 2024/25, over and above totals announced at the Spending Review 2021. However, the allocation will be £2bn as the announcement was inclusive of £0.3bn for the Health and Social Care Levy which has been abolished. In the 2023/24 financial year, 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 (NFF). The MSAG will allocate funding to state-funded mainstream schools only.
- 3.3. 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.
- 3.4. Brent is estimated to receive £8.5m of this grant in total for primary and secondary maintained schools and academies, free schools and city technology colleges. School-level allocations of the MSAG for the full 2023/24 financial year will be published in May 2023.
- 3.5. The MSAG will be incorporated into core budget allocations for 2024/25. So, for primary, secondary and all-through schools, the funding will be rolled into the schools NFF for 2024/25.
- 3.6. In addition to the MSAG, local authorities have been allocated £400m additional High Needs funding for 2023/24, on top of their High Needs NFF allocations. Brent is estimated to receive an additional £3.5m of this grant. This is an increase of 4.7% to the High Needs allocations announced in July 2022 and an overall increase of 10% compared to 2022/23.

- 3.7. In 2022/23 schools were allocated additional funding through the schools' supplementary grant (SSG) to reflect the costs of the health and social care levy and other costs pressures. For 2023/24, this funding has been rolled into the schools' NFF for the 5 to 16-year-old element of the grant. The early years element of the SSG was provided for early years provision in schools and maintained nursery schools and the post-16 element of the grant was provided to school sixth forms and 16 to 19 schools. The grant was to compensate for the increase in national insurance contributions which took effect from April 2022. This increase has been reversed, removing this extra cost to schools, and therefore, the Early Years and post-16 elements of the grant will not continue in 2023/24.
- 3.8. Pupil premium is funding to improve education outcomes for disadvantaged pupils in schools in England. Funding rates for the pupil premium in 2023/24 will increase by 5% to £1,385 for Primary aged pupils and £985 for Secondary aged pupils and £2,410 for children who are looked after by the local authority or who have been adopted from care or have left care. From 1 April 2023, pupil premium eligibility for pupils who have been adopted from care or have left care will include children adopted from outside of England and Wales.

#### 4. 2023/24 DSG Funding Blocks

- 4.1. Brent is set to receive a total DSG funding allocation of £379m in 2023/24 compared to £357m in 2022/23. This represents an overall increase of £22m.
- 4.2. The growth funding allocation has increased from £1.0m in 2022/23 to £1.2m in 2023/24. The allocation is based on the difference between the number of pupils on roll in each school between the October 2021 and October 2022 school censuses. This growth funding allocation is included in the overall Schools Block funding for 2023/24 as shown in Table 1 below.

##### 4.3. Table 1 - 2023/24 Brent DSG Funding Allocations

Confirmed Allocations	Schools Block	High Needs Block	Central Services Block	Early Years	Total
	£'000	£'000	£'000	£'000	£'000
2022/23	256,596	74,755	2,129	23,238	356,718
2023/24	261,738	78,706	2,105	24,499	367,048
Increase/(Reduction)	5,142	3,951	(24)	1,261	10,330
% Change from 2022/23 (Jul 22)	2.0%	5.3%	(1.1%)	5.4%	2.9%

2022 Autumn Statement-MSAG & Additional HN funding	8,520	3,499			12,019
<b>Total Funding allocation for 2023/34</b>	<b>270,258</b>	<b>82,205</b>	<b>2,105</b>	<b>24,499</b>	<b>379,067</b>
% Change from 2022/23 (Dec 22)	5.3%	10.0%	(1.1%)	5.4%	6.3%

- 4.4. The final HNB allocation has been announced as £82.2m. This is £7.4m more than the allocation for 2022/23 and represents a funding increase of 10.0%. The funding includes the additional £3.5m funding allocation announced in the 2022 Autumn Statement and the £3.9m increase in the provisional allocation that was announced by the DfE in July 2022.
- 4.5. The 2022/23 HNB expenditure budget, excluding the proportion allocated for Brent children placed in other local authorities is £67.8m. The budget is currently forecast to spend £70.6m. The number of children with Education, Health and Care plans (EHCPs) continues 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 £1.3m, which would bring the total 2023/24 HNB budget to £83.5m and a net budget of £75.0m after deductions for allocations to other local authorities.
- 4.6. The increase in funding in 2023/24 will not contribute towards the projected cumulative DSG deficit of £17.3m. It would, however, contribute towards funding any further additional pressures due to continued increases in the number of ECHPs. A detailed breakdown of the HNB budget will be presented to Schools Forum in February 2023.
- 4.7. The Early Years (EY) Block allocations were also published in December 2022. The DfE has made changes to the EY funding formula to take effect from the 2023/24 financial year, following a consultation on the EY funding formula which concluded in September 2022. Brent is set to receive £24.5m. This represents an overall increase of £1.3m compared to 2022/23. The hourly rate of the EY NFF for EY Provision for 2-year-olds has increased from £6.29 in 2022/23 to £6.84 in 2023/24 and for 3 and 4-year-olds has increased from £5.68 to £5.93 in 2023/24. The detailed Early Years Block budgets are presented in a separate paper to this Schools Forum.
- 4.8. 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 (£59k increase) and funding for historic pension costs for centrally employed teachers (£83k reduction). The Central School Services Block income was confirmed at £2.1m, a small decrease across both elements of £24k compared to 2022/23.

## 5. Schools Block Expenditure – Mainstream Funding Formula

### 5.1. Table 2 – Individual Schools Block funding

Details	£'000
2023/24 Schools Block DSG allocation	261,738
2023/24 NFF funded NNDR	(1,877)
DSG schools block after deduction of 2023/24 NFF funded NNDR	259,861
Less transfer to HN Block	(1,299)
	258,562
Less Growth fund	(2,800)
	255,762
Less De-delegation	(795)
Less Education services	(360)
<b>Post De-delegation and Education functions budget after deduction of 2023/24 NFF funded NNDR</b>	<b>254,607</b>

5.2. As shown in Table 2 above, the mainstream funding formula for 2023/24 is £261.738m. This includes £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. £2.8m has been excluded for the growth fund with £1.3m proposed to be transferred to the HN Block. The allocation has been reduced by £0.795m for de-delegated funds and £0.360m retained by the council as a contribution towards fulfilling education services. This leaves £254.607m to be transferred to schools.

5.3. As was agreed at previous Schools Forums, the DSG contribution to central services to fund education functions is £0.6m, made up of the £0.250m contribution from all schools (included in the growth fund allocation) and the £0.360m from maintained schools.

## 6. De-Delegations

6.1. 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. Maintained school representatives are required to take a decision for their own school phase on each service on whether to de-delegate. The table below sets out the proposed de-delegated services.

## 6.2. Table 3 – De-delegated items

	2022/23		2023/24	
Primary Pupil Numbers	18,676		18,665	
Secondary Pupil Numbers	1,925		1,890	
<b>Total Maintained pupils</b>	<b>20,601</b>		<b>20,555</b>	
	Rate per pupil (£)	Amount (£)	Rate per pupil (£)	Amount (£)
Contingencies- Schools in Financial Difficulty	8.51	175,383	8.53	175,400
Contingencies- Redundancy funding	-	-	9.73	200,000
Free School Meals eligibility service	1.21	25,000	1.22	25,000
Licenses/ Subscriptions	0.26	5,289	0.27	5,500
Staff costs - Trade union facilities	2.77	57,000	2.77	57,000
Staff costs - Maternity & paternity supply cover	10.85	223,000	10.85	223,000
School improvement services	-	-	5.30	109,000
<b>Total De-delegated items</b>		<b>428,672</b>		<b>794,900</b>

### Contingencies

- 6.3. The number of Brent schools experiencing difficulties in 2022/23 has increased with 67% projecting an in-year deficit. 23% of these schools' plan to use over 50% of reserves to balance their budgets in 2022/23. It is therefore proposed to continue to de-delegate funds to support schools in financial difficulty. There is a £0.02 increase in the proposed rate for 2023/24 at £8.53, due to reduced number of pupils, to allocate £0.175m.

Schools Forum agreed in January 2022 that 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 was agreed that redundancies should be funded from the Schools Facing Financial Difficulties Fund (SFFDF). However, the budget was not increased to allow for the additional costs from redundancy pay outs.

It is therefore proposed to allocate £0.2m at a rate of £9.73 per pupil for centrally funded redundancies, where schools are eligible for funding. This is based on forecast payments in 2022/23 and the expectation of increased requests in 2023/24.

### Free School Meals eligibility

- 6.4. The Per Pupil rates (£1.22) have been adjusted in line with the decrease in pupil numbers to maintain the Free Schools Meals eligibility service at the same level of funding as in 2022/23 at £25k.

### Licences and Subscriptions

- 6.5. This covers the cost of two licences which the local authority pays for on behalf of schools. These are the British Pathe and CLEAPPS which is an advisory service that provides support in science and technology for a consortium of local authorities and their

schools. It is proposed to increase this allocation to £5.5k in line with the actual cost in 2022/23.

#### Staff costs

- 6.6. There are no changes to the rates and de-delegate amounts for staff costs. This covers schools' costs for Trade Union services and maternity and paternity supply cover. The net cost of centrally employing union representatives is estimated at £57k with £0.223m earmarked for maternity and paternity supply cover, in line with the forecast for 2022/23. This equates to de-delegation rates of £2.77 and £10.85 respectively.

#### School improvement services

- 6.7. The School Improvement Monitoring and Brokering Grant was introduced in 2017 to provide local authorities with funding to support them in fulfilling their statutory school improvement functions under Part 4 of the Education and Inspections Act 2006 and their additional school improvement expectations as set out in the Schools Causing Concern (SCC) guidance (collectively referred to as core school improvement activities).
- 6.8. In late autumn 2021, the DfE held a consultation<sup>1</sup> on changes to the way that School Improvement Monitoring and Brokering Grant will be funded from 2022/23. The consultation proposed that there would be a phased removal of the grant over the course of financial year 2022/23 following which all council school improvement activity, including core improvement activities, would be funded via de-delegation, with any non-statutory services which councils choose to continue to offer either provided on a traded basis or also funded through de-delegation. The DfE have published outcomes of their consultation via the link below:  
[Government response - Reforming how LA SI functions are funded \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/reforming-how-local-authority-school-improvement-functions-are-funded)
- 6.9. The government reduced the grant by 50% in 2022/23 and will bring it to an end in 2023/24. The government has also updated Part 7 of Schedule 2 to the School and Early Years Finance (England) Regulations for FY 2022/23 to allow local authorities to de-delegate for all improvement expenditure, including all core improvement activities.
- 6.10. Schools Forum was informed in January 2022 that the local authority would cover the cost of the 50% reduction in grant funding in 2022/23 and that Forum would be updated when more detail was provided by the DfE on the approach to take for future years.
- 6.11. As the grant is no longer available from 2023/24 onwards, it is proposed to de-delegate £0.109m for school improvement services to schools to continue to support the functions of the Setting and School Improvement Service. This represents 50% of the current allocation in 2022/23. The local authority will continue to part fund the cost of this service in 2023/24 from the General Fund. Proposals for funding for 2024/25 will be presented at the subsequent January Schools Forum as part of the budget setting process.

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<sup>1</sup> [Reforming how local authority school improvement functions are funded - Department for Education - Citizen Space](#)

## **7. Growth Fund**

- 7.1. The Growth budget funds increases in pupil numbers, as well as the Choice Advice and Fair Access Interview (CAFAI) projects for children who have newly arrived in the UK and require additional educational support. The growth budget, inclusive of £0.250m contribution to fund central services for education functions, in 2022/23 is £2.3m. This budget is expected to overspend by £0.3m due to rising pupil numbers, mainly within the Secondary phase. It is therefore proposed to increase the current growth budget to £2.8m to fund the projected growth in pupil numbers in 2023/24. This also includes an allocation to fund a secondary bulge class as approved by Forum in November 2022.

## **8. Funding Formula Rates**

- 8.1. The government is taking a gradual approach to transitioning the local formulae progressively closer to the NFF over time. 2023/24 forms the first year of that compulsory gradual process. A fixed target date by which the direct NFF will be in place has not been set, although the expectation is a move to the direct NFF within the next five years, by the 2027/28 funding year at the latest.
- 8.2. The DfE has provided the 2023/24 factor values including an Area Cost Adjustment (ACA) for Brent. Minimum and maximum allowable rates have also been included so local authorities must either move towards the NFF within the allowable rates or use the actual NFF rates. In line with this requirement, Appendix A provides information on the proposed funding factor rates used in setting the 2023/24 Schools budgets.
- 8.3. To allocate the maximum amount of the Schools Block funding to schools via the funding formula factors, and to make use of the increased funding available in 2023/24 to cushion the impact of the transition, the local funding formula factors used to set the budgets for 2023/24 have been applied as follows to:
- (a) Set the Primary Age-Weighted Pupil Unit (AWPU) at the NFF rate as the current rate was almost mirroring the NFF rate.
  - (b) Retain the current 2022/23 rates for the KS3 and KS4 AWPU and the Primary and Secondary lump sums to minimise the impact of the shift towards the NFF.
  - (c) Allocate the minimum allowable rates for Primary and Secondary FSM, Primary IDACI band D and Secondary IDACI bands C, D and E, Primary and Secondary English as an Additional Language (AEL) and Secondary Low Prior Attainment (LPA) as these factors were significantly lower than the NFF and therefore the 10% move was not allowable within the DfE stipulated factor values.
  - (d) Narrow the gap by making the compulsory 10% move for Primary IDACI A, B, C, E and F, Secondary IDACI A and B, Primary LPA and Primary and Secondary Mobility factor rates.



- (e) To balance the books, set the Primary FSM ever6 to the NFF and to move the Secondary FSM ever6 closer to the NFF, as these rates were newly introduced in 2022/23.
- 8.2 The change in formula rates primarily targets schools with high deprivation or those with a high number of pupils with EAL.
- 8.4. The Minimum Funding Guarantee (MFG) threshold range for 2023/24 is between 0% and +0.5%. The MFG has been set at the maximum allowable rate of +0.5%. This means that the per pupil funding rates will increase by this proportion. Under these proposals 47 out of 76 schools require an MFG allocation, and this totals £3.1m. This adjustment is included in the overall post de-delegations and education functions budget as shown in Appendix B.
- 8.5. 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 increases or decreases to pupil numbers.

## **9. Update on Split site funding**

- 9.1. Following the [Implementing the direct national funding formula – government consultation](#) which concluded in September 2022, the DfE has announced that from 2024/25, there will be a standardised formula to calculate the funding for schools with split sites in order to ensure consistency across all local authorities.
- 9.2. The DfE proposes to develop a split sites factor which recognises costs through a basic eligibility criteria that attracts a lump-sum payment, and a distance eligibility criteria that attracts an additional lump-sum payment.
- 9.3. Brent's current criteria are:
- a) The sites are more than half a mile apart, separated by public roads.
  - b) It is necessary for staff to move between the sites to teach on both sites.
  - c) Each site is occupied by a large proportion of the school (more than one year group).
- 9.4. Brent's allocation for split site funding is made up of a lump sum of £151,847, plus £113.70 per pupil. There is also an allocation for partial funding at a reduced lump sum of £50,000 where schools met two of the three criteria stated above.
- 9.5. The table below sets out the schools that meet the current criteria and outlines the funding allocations for 2023/24.

9.6. Table 4 – Brent's Schools' Split Site funding for 2023/24

School	NOR	The sites are more than half a mile apart, separated by public roads	It is necessary for staff to move between the sites to teach	Each site is occupied by a large proportion of the school (more than one year group)	Lumpsum £	Per Pupil funding (£113.7 per pupil) £	Total 2023/24 allocation £
Alperton	1609	Yes	Yes	Yes	151,847	182,943	334,790
Islamia	413	No - c200 metres	Yes	Yes	50,000	46,958	96,958
KHS	1636	Yes	Yes	Yes	151,847	186,013	337,860
Leopold	634	Yes	Yes	Yes	151,847	72,086	223,933

9.7. Appendix C is the DfE's guidance for local authorities and schools to assess eligibility for split site funding. Based on the flow chart, one of Brent's schools that is currently in receipt of partial split site funding would not qualify and as a result would not receive this funding from FY 2024/25.

9.8. The financial estimate of the potential impact for schools from 2024/25 is not available at this stage, as the final design of the split sites formula, including decisions around distance thresholds, remains subject to the outcome of the DfE's consultation.

## 10. Financial Implications

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

## 11. Legal Implications

11.1 There are no legal implications for this report.

## 12 Equality Implications

12.1 Not applicable.

## 13 Consultation with Ward Members and Stakeholders

13.1 Not applicable.

## 14 Human Resources/Property Implications (if appropriate)

14.1 Not applicable.

## Related Documents

Prior Financial reports to Schools Forum

**Report sign off:**

***Nigel Chapman***

Corporate Director Children and Young People