

	<p align="center"><b>Schools Forum</b> 16 November 2023</p>
	<p align="center"><b>Report from the Corporate Director of Children and Young People</b></p>
<p><b>Dedicated Schools Grant Provisional Funding update 2024/25</b></p>	

<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
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## 1. Executive Summary

- 1.1. This report informs Schools Forum of the provisional DSG block funding allocations announced for 2024/25.

## 2. Recommendations

- 2.1 Schools Forum is asked to note the provisional 2024/25 allocations which will form the basis of further detailed work to allocate funding to individual schools and settings at the January and February 2024 meetings, once the final funding is confirmed.

## 3. Contribution to Borough Plan Priorities and Strategic Context

- 3.1 This report is linked to the Council’s Borough Plan which aims to support babies, children and young people get the best start in life, by working in partnership with schools and other partners to make sure access to education is fair and

equal. This report provides updates to Schools Forum is kept abreast of the Dedicated Schools Grant funding, the main source of school funding.

#### 4. Summary of Provisional DSG Funding allocation 2024/25

4.1 The Department for Education (DfE) initially published the schools National Funding Formula (NFF) 2024/25 in July 2023. Following the discovery of a technical error made by officials during the initial calculations, an update was made to the schools NFF in October 2023. The error was due to incorrect processing of pupil numbers in the initial calculations which underestimated the overall cost of the schools NFF, and incorrect factor values published as a result in July 2023.

4.2 The impact of the error for Brent was a reduction of £1.3m from the July provisional funding allocation. Schools have not yet received their 2024/25 funding; therefore, the correction of this error does not mean adjusting any funding that schools have already received or are expected to receive.

<b>Brent NFF Funding Allocation</b>	<b>*Schools Block (excl. Growth Factor)</b>	<b>High Needs Block</b>	<b>Central Services Block</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
2023/24	269,025	82,205	2,105	353,335
2024/25 (Provisional)	271,984	84,516	2,089	358,589
Increase/(Reduction)	<b>2,959</b>	<b>2,311</b>	<b>(16)</b>	<b>5,254</b>
% Change	<b>1.10%</b>	<b>2.81%</b>	<b>(0.76%)</b>	<b>1.5%</b>

Likewise, the error will not impact on the DSG that Brent expects to receive in December 2023 when final allocations are confirmed.

4.3 Brent's provisional funding for the core schools' budgets (which includes funding through the schools NFF, high needs NFF, and CSSB) in 2024/25 is £358.6m from the total national allocation of £59.6bn.

#### **Table 1: Provisional DSG Funding 2024/25**

*\*Schools Block 23/24 includes the mainstream schools' additional grant; however, the growth factor has been excluded to be comparable with DfE published data.*

#### 5. Schools Block

5.1 The funding through the schools NFF will increase by 1.9% per pupil in 2024/25, compared to 2023/24. For Brent the overall increase of £2.96m is estimated at 1.1%. The London average increase is 1.5% which is lower than the national average mainly because pupil numbers drive the allocation of funding and

regionally, London including Brent has had pupil numbers in the primary phase decline, resulting in lower DSG allocations.

5.2 The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2024/25 are:

5.2.1 A formulaic approach to allocating split sites funding has been introduced to ensure a consistent basis across the country. In September 2023, a meeting was held with Brent schools that will be impacted by the change.

5.2.2 The core factors in the NFF (such as basic per-pupil funding, and funding for additional needs such as deprivation) will increase by 1.4%.

5.2.3 The funding floor will ensure that every school is allocated at least 0.5% more pupil-led funding per pupil compared to the 2023/24 allocation.

5.2.4 Through the minimum per pupil funding levels, every primary school will receive at least £4,610 per pupil and every secondary school at least £5,995. These amounts are still lower than the Brent average under the Local Funding Formula (LFF) of £5,692 for primary and £7,240 for secondary.

5.2.5 The 2023/24 mainstream schools additional grant (MSAG) has been rolled into the schools NFF for 2024/25 therefore forming part of schools' core budgets.

5.2.6 For the first time, in 2024/25 the DfE will allocate funding to local authorities on the basis of falling rolls, as well as growth. Local authorities can use this funding to support schools which see a short-term fall in the number of pupils on roll. In December 2023, the DfE will allocate funding through the growth and falling rolls factors at LA Level, based on the observed differences between the primary and secondary number on roll between the October 2022 and October 2023 school censuses.

5.3 For the first time in 2024/25, local authorities will be required to provide growth funding where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment). Funding, either through the growth fund, or by adjusting pupil numbers in the APT, will need to be provided regardless of whether the additional class is within or outside of the PAN.

As a minimum local authorities will have to provide funding to a level which is compliant with the following formula:

**Primary growth factor value (£1,550) × number of pupils × Area Cost Adjustment (ACA)**

## **6 High Needs Block (HNB)**

- 6.1 The national increase for 2024/25 compared to 2023/24 will be 4.3% or £440m. The NFF will ensure that every local authority receives an increase of at least 3% per head of population, compared to 2023/24, and no more than 5%. Brent will receive the minimum 3% increase like other Outer London boroughs and the average increase for London is 3.3%.
- 6.2 The Management Plan assumption will need to be reviewed as it assumed a 3% increase plus a funding increase of £400m announced in the 2022 Autumn statement which equated to 5%. It was assumed that the additional funding will be for 2 financial years as per the announcement, but it appears that this was not the case for the HNB.
- 6.3 The additional £2.3m is significantly lower than the funding increase received in the past few years. Although it will be sufficient to cover the current 2023/24 forecasted imbalance between High Needs expenditure and income, it will not cover any further increases in demand for Education, Health and Care Plans (EHCPs) in 2024/25. The increase will also not be sufficient to cover the brought forward 2022/23 DSG deficit of £13.8m.
- 6.4 The High Needs Block received a transfer of 0.5% of the Schools Block income in 2023/24. Continuing this transfer in 2024/25 would enable potential pressures arising from the growth in EHCPs to be mitigated and would help towards mitigating the brought forward DSG deficit.
- 6.5 The DfE requires local authorities with an overall DSG deficit to have a management plan to recover the deficit over a number of financial years. Brent is also currently part of the DfE's Delivering Better Value (DBV) in SEND programme which provides dedicated support and funding to help local authorities reform their high needs systems. Brent was awarded a £1m grant over two financial years 2023/24 and 2024/25. The findings for Brent from the DBV programme's analytical phase identified a number of opportunities to tackle rising demand which included supporting the needs of some children through targeted support in place of an EHCP, ensuring EHCPs are of the right duration (i.e., more time limited EHCPs) and focusing on fewer support hours being put in place when children start school and building support over time as needs develop.
- 6.6 A Deficit Management Plan agreed by the Schools Forum is still in place with actions being taken to manage demand, improve the sufficiency of places and financial management to recover the deficit in the medium to long term. These include managing demand for EHCPs through a graduated approach in mainstream settings, establishing more SEND provision in the borough

including a new special school and developing new Additionally Resourced Provisions (ARPs). In addition, ensuring there is full cost recovery from other local authorities that place pupils in Brent special schools including administration and other specific costs; a review of the DSG funded SEN support services and continued central government lobbying.

## **7 Central Schools Services Block**

- 7.1 Nationally, funding in 2024/25 will increase by 1.57% for the ongoing responsibilities that local authorities continue to have for all schools, while funding for historic commitments within this block will decrease by a further 20% from 2024/25, for those local authorities in receipt of this funding.
- 7.2 For Brent although the overall change shows a 0.76% net reduction, the impact consists of a 1.58% increase in the per pupil rate of funding for ongoing responsibilities, which is an increase of £28k. However, the impact of the 20% reduction against the historic commitment is a (£66k) reduction.
- 7.3 The historic commitment currently relates to a pensions strain contribution to the corporate budgets. This will mean that the amount transferred corporately will be reduced.

## **8 Early Years Block (EYB)**

- 8.1 The DfE announced in July 2023, that nationally, the Early Years Block of the DSG will receive additional supplementary funding of £204m through a new early year's supplementary grant (EYSG). This will be used to increase the hourly amounts paid to early years childcare providers for delivering the entitlements for the period September 2023 to March 2024. LAs are expected to pass on the funding in full to providers. There will also be an additional £288m for 2024/25 but the hourly rate will be published as part of the normal funding announcement cycle in autumn 2023. The key principle of allocating the funding for the Early Years Block remains the same i.e., 95% of funding received is allocated directly to providers with the remaining 5% retained for central services.
- 8.2 In the Spring Budget in March 2023, the government announced a significant expansion of early years childcare entitlements to take effect between April 2024 and September 2026.

- 8.2.1 From April 2024, working parents of 2-year-olds can access 15 hours of free childcare per week (38 wk./y). Disadvantaged children, such as those with parents on low incomes or who have an EHCP, will still be eligible for 15 hours free early education.
- 8.2.2 From September 2024, the above will be extended to parents of 9-month to 3-year-olds.
- 8.2.3 From September 2025, working parents of 9-month to 3-year-olds will be able to access 30 free hours p/w (38 wk./y).
- 8.3 The government's proposals include an uplift in the hourly rate paid to providers to deliver existing free hours offers and childminder grants for new childminders. The government will also provide additional investment into setting up wraparound childcare for school-aged children with a pledge that families will be able to access childcare between 8am and 6pm during the school day. These reforms will see the government spending an additional £4.1bn 2027/28 on free hours and early education. Officers in the Early Help teams in Brent are working with the local sector to ensure that the objectives in the policy are met.
- 8.4 The 2024/25 Early Years' block funding allocations will be announced in December 2023, and the revised rates will set the basis of the EY budget allocations to be presented at the January 2024 Schools Forum.

## 9 Teachers' pay additional grant

- 9.1 In July 2023, the DfE announced £525m funding to support schools with the September 23 teachers' pay award, with a further £900m in 2024/25.
- 9.2 The funding will be in addition to the NFF for 2023/24 and 2024/25. The grant indicative allocation for Brent mainstream schools (excluding special schools) in 2023/24 is £2.56m and based on the criteria below. Schools do not need to spend the grant in year.

Primary including pupils in reception per pupil rate	£36
Key Stage 3 per pupil rate	£50
Key Stage 4 per pupil rate	£57
FSM Primary per eligible pupil	£31
FSM Secondary per eligible pupil	£45
Lump Sum	£1,345
<i>Funding will be adjusted by an area cost adjustment to reflect geographical variation in labour market costs.</i>	

- 9.3 The Special Schools will be funded by an additional £260 per place in line with the funding published in August 2023.

- 9.4 For 2024/25 financial year, the DfE will pay TPAG as a separate grant and for 2025/26, the DfE aims to incorporate the grant into the NFF core budget allocations.
- 9.5 The DfE will publish further details on funding allocations for eligible early years providers.

## **10 Schools Update**

- 10.1 Schools are feeling the impact of rising inflationary costs and increases in energy prices, alongside the 6.5% teachers' pay increase from September 2023, of which the DfE will be part funding 3%. The DfE expects schools to fund 3.5% of the increase within existing budgets and will only provide additional funding for costs above this. This funding will be allocated through the teachers' pay additional grant.
- 10.2 Quarter 1 of the current financial year saw 74% (67% in 2023/24) of Brent schools projecting an in-year deficit. 48% (23% in 2023/24) of these schools' plan to use over 50% of reserves to balance their budgets.
- 10.3 The DfE expects schools to manage these pressures within the allocated funding increase of 1.1% expected in 2024/25. A few 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.
- 9.4 A new School Place Planning Strategy 2024-2028 was approved by Cabinet in October 2023. This sets out steps to support schools with falling rolls, including capping admission numbers, bringing schools together in federations and reducing capacity across the estate. In response to falling demand, the local authority is currently consulting on the closure of the Gwenneth Rickus site of Leopold Primary School that was opened as bulge accommodation when primary demand was high, as well as a reduction in PANs at other primary schools.

## **11 Stakeholder and ward member consultation and engagement**

- 11.1 Cabinet Members will be kept abreast of the DSG Provisional Funding 2024/25 as part of the Council's Budget monitoring process for 2024/25.

## **12 Financial Considerations**

- 12.1 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.
- 12.2 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 is regularly updated to evaluate mitigating actions put in place to reduce the deficit.
- 12.3 The statutory override that has been put in place to enable local authorities to hold deficit balances is due to end in the 2025/26 financial year after which the deficit could pose a significant risk to the Council's General Fund balances which are also currently under pressure.

### **13 Legal Considerations**

- 13.1 There are no legal considerations for this report.

### **14 Equality, Diversity & Inclusion (EDI) Considerations**

- 14.1 Not applicable.

### **15 Climate Change and Environmental Considerations**

- 15.1 Not applicable.

### **16 Communication Considerations**

- 16.1 All School Forum papers are published, and all schools will have access to them. Also, final 2024/25 allocations for each school will be published on Best Brent.

**Report sign off:**

***Nigel Chapman***

Corporate Director of Children and Young People