

London Borough of Enfield

**Education Resources Group
Schools Forum**

**Meeting Date: 20 September 2022
Meeting Date: 05 October 2022**

Subject: Dedicated Schools Grant 2023/24 – Update
Cabinet Member: Cllr Abdullahi
Report No: 11

Item No: 5d

Purpose of Report

1. This report provides details of the indicative Dedicated Schools Grant (DSG) budget position for 2023/24 based on initial funding announcements made in July 2022. The government funding settlement for 2023/24 is expected in mid to late December.
2. A draft budget has been prepared based on initial projections of Dedicated Schools Grant (DSG) for 2023/24 and pupil data from the 2022/23 dataset (Oct21 census). The budget will be revised based on the actual funding settlement and the Oct22 census dataset when this is published in order to finalise the allocations for 2023/24.
3. Further reports will be presented to the Education Resources Group and Schools Forum in January 2023 to agree the application of the DSG for 2023/34, including finalisation of the Schools Funding Formula.

Proposal

3. The Schools Forum is asked to note the draft budget position for the Schools Block for 2023/24.
4. The Schools Forum is asked to agree, for 2023/24, the following recommendations:
 - a) transfer of 0.5% from the School's Block to the High Needs Block to support the current arrangements for exceptional needs pupils in mainstream schools
 - b) no Growth Fund required for 2023/24

Relevance to the Council's Council Plan

5. The Dedicated Schools Grant (DSG) is a ringfenced grant which funds schools and some central education functions. Updates on the DSG position are provided on a quarterly basis to EMT and Cabinet as part of the council's overall financial monitoring reports.

Main Considerations for ERG and Schools Forum

6. DSB Budget – Monitoring Position 2022/23

The DSG budget monitoring position as at the end of Quarter 1 (June 2022) is detailed in a separate report. A summary of the position is shown in Table 1 below and indicates a projected overspend for 2022/23 of £1.077m and a projected cumulative deficit of £13.7m.

Table 1: Summary Monitoring Position 2022/23

		£000
DSG Accumulated b/f 21/22		12.618
2022/23 MONITORING POSITION		
Schools Block		0.061
Central Schools Services Block		(0.014)
Early Years Block		(0.105)
High Needs Block		1.135
TOTAL NET PRESSURES 22/23		1.077
NET MONITORING POSITION 22/23		13.695

The DSG budgets will continue to be closely monitored for the remainder of the financial year and some further pressures are expected, particularly in relation to high needs placements and exceptional needs funding adjustments for the Autumn and Spring terms. Updates will be presented to ERG and Forum at future meetings.

7. Schools Funding 2023/24

7.1 Indicative DSG Allocation 2023/24

The 2022 Spending Review confirmed an overall increase in school funding (mainstream schools and high needs) split over three years with £4 billion provided in 2022-23, £1.5 billion in 2023-24, and totalling £7 billion by 2024-25. The total increase encompasses the 2022/23 increase announced as part of the 2019 Spending Review.

As in previous years, the DSG settlement and datasets will not be announced until mid to late December, following which the funding formula and budget allocations will be reviewed and reported back to Schools Forum in January 2023. Indicative DSG funding allocations for 2023/24 were published by the ESFA in July 2022 and are summarised in Table 2 below. This information indicated a net increase in funding of £10.972m across the 4 funding blocks.

Table 2 – Indicative DSG Allocation 2023/24 (ESFA July 2022)

Blocks	2022/23 Actual Allocation	2023/24 Indicative Allocation	Variance	
	£m	£m	£m	%
Schools**	293.199	299.917	6.718	2.29%
High Needs	67.99	72.286	4.296	6.32%
Early Years*	25.392	25.392	0	0%
CSSB	2.486	2.444	(0.042)	(1.69%)
Total	389.067	400.039	10.972	2.82%

*Early Years Block – no indicative allocation for 23/24 at this stage

**Schools Block – 21/22 alloc includes £8.5m allocated via Schl Supp Grant. Alloc exclude growth funding in both years

7.2 Pupil Number Data

At this stage of the budget process, calculations have been made using the October 2021 census data. When indicative pupil number data is available from the October 2022 census this will be shared so that trends can be identified and the impact on the 2023/24 budget position can be assessed.

The impact of changing pupil numbers can vary significantly between individual schools. Schools have been advised that the year on year change in pupil numbers and other factors can have a significant impact on their formula funding allocations and that this should be factored into their budget planning for 2023/24 and future years.

7.3 Schools Block

The ESFA have confirmed that the implementation of a direct NFF for the School Block will be postponed until 2024/25 at the earliest. Funding allocations to LAs will continue on the same basis as 2022/23, where the total funding allocation is based on the NFF, but individual authorities retain some flexibility regarding the distribution of these funds. There is a requirement in 2023/24 that LAs can only use the NFF proxy factors and, if appropriate, move local unit rates closer to the NFF. This requirement does not impact Enfield schools because the local funding formula uses NFF unit rates.

Indicative allocations for 2023/24, indicate that funding for mainstream schools through the NFF is increasing by an average of 1.9% per pupil compared to 2022/23. In Enfield the indicative increase is just under 2.3%. It should be noted that the school supplementary grant allocated to schools in 2022/23 has now been subsumed into the DSG Schools Block allocation and has formed part of the baseline for the 23/24 allocations.

It should be noted that not all schools may receive this level of increase due to the inter-relationship between the funding formula and individual school's contextual data. Authorities are required to set a Minimum Funding Guarantee (MFG) between 0% and 0.5%.

A detailed breakdown of the Indicative Schools Block allocation is shown in Table 3 below. The primary and secondary units of funding are fixed but the actual allocation will be based on October 2022 pupil numbers once these have been validated. In 2022/23 the ESFA provided the School Supplementary Grant to support the 1.25% national insurance increase for 2022/23 but at this stage no additional funding to support cost pressures has been announced for 2023/24 on top of the basic DSG increase.

Table 3: Schools Block Breakdown

Sector	Prim	Sec	TOTAL
Pupil Nos	29,665	19,453	49,118
Unit of Funding	5281.78	7057.55	
TOTAL	56,684,035	137,290,518	293,974,554
Premises			5,942,312
Schools Block pre growth			299,916,886
Estimated Growth Funding			607,440
School Block incl est Growth			300,524,305
0.5% to HNB tbc			1,502,622
Growth Fund tbc			0
TOTAL Funding Formula			299,021,684

7.4 Formula Modelling

Formula modelling has been carried out based on the estimated Schools Block funding available of £299.022m and the 2023/24 NFF unit rates as detailed in Appendix A.

The NFF Unit Rates for 23/24 reflect

- An increase in the core factors (AWPU and Lump Sum) of 2.4%
- An average increase in Ever6 and IDACI deprivation factors of 4.3%
- An increase in the minimum per pupil funding levels of 0.5%

The Area Cost Adjustment for Enfield has increased slightly from 1.08410 to 1.08553 which results in an additional increase to the general unit rate increases.

Of the total Schools Block Allocation received

- Growth Funding will not be retained centrally as it is not expected that any additional classes will be required outside the formula process

- 0.5% will be transferred to the High Needs Block to support inclusive schools, dependent on the outcome of the consultation exercise and affordability

Formula modelling has been carried out via the ESFA Authority Proforma Tool (APT) on the same basis as previous financial years. The unit rates detailed in Appendix A have been applied to the Oct21 census dataset to calculate indicative formula allocations for 2023/24.

Other factors considered in this exercise include

- A review of the split site allocations to ensure they meet the agreed criteria
- Rates allocations as at 22/23 levels
- PFI shortfall allocations as at 22/23 levels
- Removal of additional lump sum protection for schools amalgamated in 22/23
- Removal of MFG protection for Wren academy (dependent on disapplication request)
- An MFG set at 0%

The outcome of the modelling exercise is detailed in Appendix B.

The data indicates a funding shortfall of £530k, based on the indicative funding available. If this position arises when the actual formula allocations for 23/24 are calculated it would need to be addressed by reducing the HNB transfer, adjusting one of more of the unit rates or a combination of these options.

On average the modelling indicates a 2.5% per pupil increase but this varies between schools from 0% to 2.9%. Schools that have a 0% increase are those who received MFG allocations in 2022/23 and this allocation reduces in 2023/24 due to a higher level of funding being attracted via the formula allocations and an MFG of 0%.

A disapplication request will be submitted to the ESFA to remove the remaining MFG protection from the funding allocation for Wren Academy. The ESFA agreed a phased adjustment for 2022/23 so we would hope that this application would be agreed as the second stage of the process. An update will be provided in due course.

There can be significant variations between the indicative and actual formula funding allocations due to a variety of factors including

- Variation in Schools Block due to pupil numbers and final growth allocation
- Change in pupil nos between Oct 21 and Oct 22
- Variation in percentage of pupils attracting funding through other factors
- Final formula unit rates
- Estimated NNDR cost for 23/24
- PFI Shortfall
- Academy Growth
- MFG rate and impact for individual schools

7.5 High Needs Block

High Needs Funding is increasing by a further £570m, or 6.3%, in 2023/24. This follows the £2.6b increase over the last 3 years. All LAs will receive at least a 5% increase per head of their 2-18 population, compared to their 2022/23 allocations, with some LAs receiving gains of up to 7%. The indicative increase for Enfield is 6.32% but it is expected that demand for support will continue to increase at a higher rate than funding allocations.

Officers are starting to assess the expected expenditure from the High Needs Block for 2023/24 based on current trends and the in year monitoring position. Early indications are that pressures are likely to exceed the additional funding available and will include

- Full year effect of 2022/23 expansions/additional places
- Full year effect of special schools' review
 - Additional in-borough provision planned 2023/24

- Full year effect and new out of borough placements
- Increased demand of Post 16 SEN placements
- Increased in pupils with EHCP in mainstream eligible for exceptional needs funding

Updates will be shared at future meetings when more detailed information is available.

7.6 CSSB

An update on the Central School Service Block is included in a separate report.

7.7 Early Years Block

The July22 DSG announcement for 2023/24 did not include an update for the funding rates for the Early Years Block. This will be expected later in the term or as part of the final DSG Allocations for 2023/24 due in Dec22, following the outcome of the Early Years consultation. Current funding rates are as follows

- 2 year olds – £6.03 per hour
- 3 and 4 year olds – £5.93 per hour
- Disability Access Fund – £800 per eligible pupil

An initial Early Years Block allocation will be announced in December 22 as part of the DSG notification for 2023/24.

Updates will be shared at future meetings when more detailed information is available.

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Date of report Sept 2022

Appendices

A – Unit Rates and B – Indicative Formula Allocations

Background Papers

DSG Updates to ERG/Schools Forum during Summer Term 2022/23.