

Education Resources Group
Schools Forum

Meeting Date 10 January 2023
Meeting Date 18 January 2023

Subject: Dedicated Schools Grant 2023/24 – Update

Cabinet Member: Cllr Abdullahi

Report Number: 28

Item: 5c

Purpose of Report

This report sets out details of the initial 2023/24 Dedicated Schools Grant (DSG) allocation which was announced on 16th December 2022, together with the October 2022 dataset to be used to calculate formula budget shares for primary and secondary schools.

The report provides updated information on the proposed budget position for 2023/24 for each of the funding blocks. The report also provides information on the proposed schools funding formula which will be submitted to the DfE on 20th January 2023 for approval.

The report seeks the approval of Schools Forum to finalise the unit values for the primary and secondary funding formula

Proposal

The Schools Forum is asked to:

- (a) Note and agree the unit values for the primary and secondary funding formula as set out in Appendix B;
- (b) Note:
 - The 2023/24 DSG settlement and draft budget set out in Appendix A
 - The formula allocations to schools based on the agreed formula factors and unit rates as set out in Appendix C

Relevance to the Council’s Council Plan

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

1. Dedicated Schools Grant (DSG) Settlement 2023/24

Enfield’s initial 2023/24 DSG settlement was announced on 16th December 2022 at £401.091m. Table 1 below summarises the initial and actual 2023/24 DSG Allocation.

Table 1: DSG Allocation 2023/24

| DSG Block | 2022/23 | 2023/24 | Variance | Variance |
|--------------------------|----------------|----------------|---------------|--------------|
| | £m | £m | £m | % |
| Schools | 293.998 | 299.330 | 5.331 | 1.81% |
| High Needs | 67.990 | 72.848 | 4.858 | 7.14% |
| Early Years | 25.393 | 26.483 | 1.090 | 4.29% |
| Central Schools Services | 2.486 | 2.430 | -0.056 | -2.24% |
| TOTAL | 389.868 | 401.091 | 11.223 | 2.88% |

The basic DSG allocation was broadly as expected, based on the indicative information circulated in July and the overall increase remains at 2.8% although there are variances across the individual blocks. It should be noted that the School Supplementary Grants provided for the schools and high needs blocks in 2022/23 have been subsumed into the DSG baseline for the 2023/24 financial year.

It should be noted that allocations for the

- Schools Block and Central Services Block have reduced from the indicative position due to a 0.67% fall in pupil numbers from 49,118 in Oct21 to 48,791 in Oct22.
- The pupil led element of the High Needs Block has increased due to an 8% increase in high needs pupil nos from 1,181 in Oct21 to 1,274 in Oct22.
- Early Years Block allocations have increased due to increased hourly rates, but the alloc will be updated to reflect Jan23 Early Years census nos when available

As in 2022/23, additional supplementary grants have been made available to support the Schools and High Needs Blocks in 2023/24 and help authorities and schools to support cost pressures.

£1.451b of additional funding is being made available to schools nationally in 2023/24 via additional grants. Allocations will be calculated by the ESFA and will be published in the Spring term based on a per pupil allocation plus a lump sum and an allocation for Ever6 FSM pupils. Enfield will receive an estimated allocation of £10.1m and indicative allocations have been calculated for schools to support them with budget planning prior to the actual allocations being announced.

This funding will continue into 2024/25 and is likely to be absorbed into the general DSG allocation in the same way that the 2022/23 grant has been subsumed into the 2023/24 DSG baseline.

£400m additional funding has been provided for the high needs block. Officers are considering how best to utilise the additional £3.1m funding allocated to Enfield as part of the High Needs Block budget build up exercise.

Table 2 below, summarises the total funding available for 2023/24.

Table 2: DSG and Supplementary Grant 2023/24

| Block | 2022/23 | | | 2023/24 | | | Variance | | | |
|--------------|----------------|---------------|----------------|----------------|---------------|----------------|---------------|--------------|---------------|-------------|
| | DSG | Supp Grant | TOTAL | DSG | Supp Grant | TOTAL | DSG | Supp Grant | TOTAL | % |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| SB | 285.544 | 8.455 | 293.998 | 299.330 | 10.102 | 309.432 | 13.786 | 1.647 | 15.433 | 5.2% |
| HNB | 65.493 | 2.498 | 67.990 | 72.848 | 3.080 | 75.928 | 7.355 | 0.582 | 7.937 | 11.7% |
| EYB | 25.393 | 0.000 | 25.393 | 26.483 | 0.000 | 26.483 | 1.090 | 0.000 | 1.090 | 4.3% |
| CSSB | 2.486 | 0.000 | 2.486 | 2.430 | 0.000 | 2.430 | -0.056 | 0.000 | -0.056 | -2.2% |
| TOTAL | 378.915 | 10.952 | 389.868 | 401.091 | 13.182 | 414.273 | 22.176 | 2.229 | 24.405 | 6.3% |

Schools Block

Due to fluctuations in pupil numbers and the impact that this had on overall funding allocations, it is useful to look at the funding increases for the Schools Block on a per pupil basis. Table 3 below summarises the impact of the increased funding through the DSG and combined DSG/Additional Grant.

Table 3: 2023/24 Funding Increase per Pupil

| | SB DSG | Addit Grant | DSG & Grant |
|-----------------|--------|-------------|-------------|
| Per Pupil 22/23 | 5,813 | 172 | 5,986 |
| Per Pupil 23/24 | 6,135 | 207 | 6,342 |
| Variance | 322 | 35 | 356 |
| Variance % | 5.53% | 20.28% | 6.0% |

The impact of the DSG increase and additional grant is an average, overall increase in per pupil funding of 6% which is intended to support cost pressures including pay awards and energy increases.

A growth funding factor is included in the DSG Schools Block allocation to support new/growing schools and is applied through the formula allocations, which, for 2023/24 relates to Wren Academy Enfield and One Degree. Authorities can also earmark an element of the school's block for a specific Growth Fund, but members agreed at meetings in the Autumn term that this was not required 2023/24 due to a fall in pupil numbers and surplus of school places in the authority

Central Schools Services Block

The CSSB has decreased by £0.056m in total between 2022/23 and 2023/24. This comprises the 20% year on year reduction in funding for historic commitments of £0.093m offset by an increase in funding for the ongoing functions element, £0.038m.

High Needs Block

The High Needs Block DSG allocation has increased by £7.9m, 11.7%. This is based on a basic DSG increase of £4.9m plus additional supplementary funding of £3m.

This allocation is subject to in year adjustments, particularly in relation to the import/export adjustment.

Of the High Needs Block allocation, £2.2m will be recouped from the authority and provided direct by the Education Skills and Funding Agency to fund post 16 places in FE provision and places in mainstream academy units. This amount will be adjusted during the year to reflect any change in pupil numbers or new academy conversions.

Early Years Block

The Early Years Block initial allocation for 2023/24 reflects the increased unit rates and January 2022 pupil numbers. The overall hourly rate for 3/4 Year Olds, for both 15 and 30 hours provision, has changed by 19p from £5.93 to £6.12. The change includes £0.13p per hour relating to the teachers' pay and pension grants, which has been transferred from the Schools block into the Early Years block and some general increase. Members are advised that there is a separate paper outlining a proposal to consult on the funding transferred for the teachers' pay and pension grants be earmarked and allocated to school via a quality formula factor. This would ensure that schools are not unfairly disadvantaged by this change.

The hourly rate for 2 Year Olds has increased by 60p from £6.03 to £6.63.

The initial allocation for 2023/24 will be updated to reflect January 2022 census data when this is available.

2.0 Draft Budget and Formula Factors 2023/24

2.1 Draft Budget

A draft budget has been produced based on the 2023/24 DSG settlement data and is detailed in Appendix A.

There remains limited flexibility regarding the movement of funding between blocks and, other than the agreed 0.5% transfer of funding from the Schools Block to the High Needs Block, expenditure will be contained within the relevant blocks. Following the consideration of responses to a consultation exercise with schools in the autumn term, Schools Forum agreed the permitted 0.5% transfer at their December 2022 meeting to support funding for schools with an above average level of EHCP pupils. The total Schools Block funding to be distributed via the formula allocations is shown in Table 4 below.

Table 4: Schools Block Breakdown

| Schools Block Allocations 2023/24 | |
|--|--------------------|
| Schools Block | 299,329,660 |
| 0.5% to HNB | 1,496,648 |
| Growth Fund | 0 |
| Via Formula | 297,833,012 |

2.2 Dataset 2023/24

The DfE dataset information, for October 2022, confirms that there has been a decrease in pupil numbers in the primary sector and a small increase in pupil numbers in the secondary sector. The level of eligibility for free school meals and Ever6 FSM has increased between Oct 2021 and Oct 2022 in both sectors. This data is shown in Tables 5 and 6 below.

Table 5: Pupil Number Data

| Sector | Census Nos | ADD Academy Growth | NET Funded Pupil Nos |
|-----------------------|------------|--------------------|----------------------|
| PRIMARY | | | |
| October 2021 | 29,670 | 29 | 29,699 |
| October 2022 | 29,259 | 19 | 29,278 |
| Variance 2022 to 2021 | (411) | (10) | (421) |
| SECONDARY | | | |
| October 2021 | 19,467 | 156 | 19,623 |
| October 2022 | 19,547 | 108 | 19,655 |
| Variance 2022 to 2021 | 80 | (48) | 32 |

Table 6: FSM Data

| Census | Pupil Nos | FSM Nos | % Eligibility | Ever6 Nos | % Eligibility |
|---------------------|-----------|---------|---------------|-----------|---------------|
| October 2021 | 49,322 | 13,399 | 27.2% | 15,645 | 31.7% |
| October 2022 | 48,933 | 14,475 | 29.6% | 15,945 | 32.6% |
| Variance | (389) | 1,076 | 2.4% | 300 | 0.9% |

2.3 Proposed Formula Factors and Unit Rates 2022/23

Formula factors for 2023/24 and associated unit values are set out in Appendix B.

As in 2022/23, the formula calculations for 2023/24 will be based on National Funding Formula unit rates and indicative funding allocations were calculated in the Autumn term on this basis using October 2021 census dataset. This modelling exercise indicated a funding gap of £500k and, as in 2022/23, Forum members agreed that this should be addressed by adjusting the AWPU unit rate to achieve a balanced position.

Following receipt of the October 2022 dataset and the confirmed funding formula unit rates for 2023/24, the formula allocations have been recalculated setting the Minimum Funding Guarantee (MFG) at the lowest permitted level of 0%. The consequent result is a funding gap of £1.48m. It is interesting to note that this agrees almost exactly to the 0.5% transfer to the High Needs Block.

Analysis of the formula allocations has indicated that that whilst pupil numbers have reduced, the percentage/number of pupils triggering other factors has not changed proportionately. Eligibility for deprivation formula factors, FSM and Ever6, have increased between Oct21 and Oct22 creating a funding pressure of £920k. The cost of the PFI contracts have also increased, reflecting inflationary pressures, and whilst the relevant percentage increase has been applied

to the school contributions, there is a pressure of £500k on the PFI shortfall factor. These pressures, along with some other minor changes equate to the overall funding gap.

Based on the agreed methodology, the AWPU rates for both sectors have been reduced to achieve a balanced position and formula allocations shown in Appendix C have been calculated on this basis.

The authority submitted a disapplication request to the ESFA to remove the remaining funding protection for Wren Academy, which had resulted from them being protected to estimated factor eligibility in their year of opening. This request was agreed by the ESFA and the impact is reflected in the formula allocations. This will not prevent the academy from attracting MFG protection in future years if this is triggered by the funding formula in the same way as it is for all schools.

Formula allocations also include protection, where necessary, to ensure that schools attract the minimum funding levels of £4,405 for primary and £5,715 for secondary. All secondary schools receive the minimum funding level via the formula factor allocations, but 5 primary schools require protection totalling £261k.

For 2023/24, as in 2022/23, business rates bills for schools will be paid direct by the ESFA to the local authority. This amount will be deducted from the authority's DSG allocation. Although schools will not pay the bills the income and expenditure for rates will still need to be reflected in school's end of year CFR returns and the authority will confirm the arrangements for this process in due course.

It should be noted that final checks need to be carried out on the formula allocations and the ESFA will carry out validation checks which may result in minor changes to the school's allocations included in Appendix C.

RECOMMENDATION: Schools Forum is asked to note and agree: the chosen formula factors and unit rates detailed in Appendix B and formula allocations shown in Appendix C which will be submitted to the DfE by their prescribed deadline of 20th January 2023.

2.4 Additional Grant for Schools

The Additional Grant for Schools will be calculated and confirmed by the ESFA in the Spring term. The published methodology states that the grant will be calculated based on the rates in Table 7 below

Table 7: Additional Grant for Schools Unit Rates

| Additional Grant for Schools 23/24 Unit Rates | | | | | | |
|---|------|---------------|-----------|----------------|----------|-------------------|
| Factor | AWPU | AWPU with ACA | Ever6 FSM | Ever6 with ACA | Lump Sum | Lump Sum with ASA |
| Prim | 119 | 129 | 104 | 113 | | |
| Sec | | | 152 | 165 | | |
| KS3 | 168 | 182 | | | | |
| KS4 | 190 | 206 | | | | |
| All | | | | | 4,510 | 4,896 |

Based on these rates, with the Enfield Area Cost Adjustment (ACA), indicative Additional Grant allocations have been calculated and added to the formula allocations in Appendix C to enable schools to see their total estimated funding for 2023/24. The inclusion of the estimated grant funding has increased the average increase in total funding per school to 5.33% and the average increase in funding per pupil to 6.17%.

2.5 Schools Formula Budget Shares

The application of the formula factors in Appendix B and the October 2022 dataset issued by the ESFA in December produces the school's formula budget shares as set out in Appendix C. It should be noted that these figures exclude any allocations from the Early Years or High Needs Blocks and funding for 6th form pupils.

Following confirmation of the unit rates by the Schools Forum on 18th January 2023 and confirmation of our APT submission to the ESFA on 20th January 2023, formula funding allocations for 2023/24 will be circulated to schools. This early notification will enable schools to develop and finalise their budget planning to address their key school development and improvement priorities and known budget pressures for the coming year. The full budget notification including high needs and 6th form funding will be circulated by the end of February.

As well as the known budget pressures, schools will also now need to consider future and not confirmed pressures such as:

Table 8: Budget Pressures for 2023/24

| Area | 2021/22 | 2022/23 | 2023/34 |
|--------------------------------------|---------|---------|---------|
| Teacher – Pay Award* | 0 | 5% | TBC |
| Teachers – Pension contributions** | 23.68% | 23.68% | 23.68% |
| Support Staff – Pay Award | 2.75% | £2,229 | TBC |
| Support Staff – Pension Contribution | 20.2% | 20.2% | 19.1% |

* Pay Award wef Sept23 to be confirmed

** No change announced for Sept23 at this stage

*** Pay Award wef April23 to be confirmed

3. High Needs Block

3.1 DSG Allocation

The DSG allocation for 2022/23 for the High Needs Block has been calculated on a formulaic basis.

3.2 High Needs Budget Allocations

A separate report details plans for the High Needs Block. A summary of funding allocations for 2023/24 is being prepared and will be brought to the next meeting.

There continues to be significant risk in some areas of the high needs budget including

- Out of borough day/residential placements and placements in other LA special schools
- High needs support for post 16 pupils in FE provision
- New in borough developments
- Increase in exceptional needs provision in mainstream schools

4.0 Early Years Block

A summary of the Early Year Block budget for 2023/24 is provided in Appendix A.

As detailed above, it is intended to consult on how the teachers' pay and pension grants transferred into the Early Years block be allocated. When the consultation process has concluded, the local hourly rate for 3/4 year olds will be finalised and confirmed.

5. Risks and Uncertainties

The latest budget projections for 2023/24 are based on the information available at this time which includes data from the October22 dataset and our DSG allocation for 2023/24. Factors that may impact of the final 2023/24 position include

- Any changes resulting from final checks of the school formula allocations by LA officers
- Validation checks by ESFA

Updates on these issues will be included in future reports to the Forum as soon as information becomes available.

Report Author: Louise McNamara
Finance Manager – Schools and Education

Date of report January 2023

Background Papers: DSG Updates to ERG/Schools Forum during Autumn Term 2021/22.