

School Budgets – Dedicated Schools Grant (DSG) 2023-24

Introduction

1. The Dedicated Schools Grant (DSG) is a ring fenced grant of which the majority is used to fund individual schools budgets in maintained schools and academies in Harrow. It also funds Early Years nursery entitlement for 2, 3 and 4 year olds in maintained council nursery classes and private, voluntary and independent (PVI) nurseries as well as provision for pupils with High Needs including those with Education Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Harrow and out of borough. The DSG is split into four blocks: Schools Block, Central School Services Block, Early Years Block and High Needs Block.

Schools Funding for 2023-24

2. In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools services Block. For the Schools Block this means LAs are funded on the basis of the total of the NFF for all school, academies and free schools in its area. However, the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
3. The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018-19. 76% of schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018-19. This was approved by Cabinet in February 2018 and school budgets for the last four years have been set based on the NFF.
4. The NFF will therefore continue to be used to distributed school budgets for 2023-24.
5. From 2020 the government intended to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. However, this has been delayed and there is no fixed date for this.
6. There are no proposed changes to the **structure** of the formula for 2023-24 however there are a number of changes for schools to be aware of.

Changes in 2023-24

Increase in factor values

7. NFF Factor values have increased by:
 - 2.4% to basic entitlement, FSM6, mobility, EAL and the lump sum.
 - 4.3% to FSM6 and IDACI
 - 0.5% to the floor, the MPPL and FSM

Table 1 – funding formula factor values

Factors	2022-23		2023-24		% Change	
	Pri	Sec	Pri	Sec	Pri	Sec
Pri AWPU	£3,532.36		£3,739.75		6%	
KS3 AWPU		£4,980.66		£5,272.45		6%
KS4 AWPU		£5,613.13		£5,942.38		6%
FSM	£517.20	£517.20	£528.90	£528.90	2%	2%
Ever6	£649.25	£951.86	£776.82	£1,134.93	20%	19%
IDACIF	£242.09	£352.13	£253.43	£369.13	5%	5%
IDACIE	£297.11	£467.68	£308.52	£490.33	4%	5%
IDACID	£462.18	£654.75	£484.82	£683.16	5%	4%
IDACIC	£506.19	£715.27	£528.90	£749.27	4%	5%
IDACIB	£539.21	£770.29	£561.95	£804.37	4%	4%
IDACIA	£704.27	£979.37	£738.25	£1,024.74	5%	5%
LPA	£1,243.47	£1,881.72	£1,272.66	£1,928.27	2%	2%
EAL	£621.74	£1,683.64	£639.08	£1,724.43	3%	2%
Mobility	£1,017.89	£1,463.56	£1,041.27	£1,498.54	2%	2%
Lump Sum	£133,480.9	£133,480.95	£141,039.36	£141,039.36	6%	6%

8. The Minimum Per-Pupil Funding Levels (MPPL) will be set at £4,405 for primary schools and £5,715 for secondary schools compared with £4,265 and £5,525 in 2022-23.
9. The 2022-23 schools supplementary grant will be rolled into the NFF. Adjustments have been made to the NFF factor values and baselines to reflect this.
10. Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) are now fully rolled into the NFF.
11. Block transfers – LAs will continue to be able to transfer up to +0.5% of the schools block to other blocks of the DSG, with schools forum approval. A disapplication is required for transfers above 0.5% or for any amount where schools forum does not give approval.

Minimum Funding Guarantee (MFG)

12. The MFG will continue and the allowable range for 2023-24 is between 0% and +0.5%. This is a change from 2022-23 where the range was +0.5% and +2.0%
13. This means that each school could gain up to +0.5% *per pupil* compared with the 2022-23 budget. The final value of MFG will be determined by overall affordability within the formula.
14. Where schools are protected by MFG this means that they are receiving funding over and above that which is calculated by the National Funding Formula because of the levels of funding they had been receiving prior to the introduction of the NFF. In future years if the MFG protection is removed then those schools who are funding above the NFF will see an immediate drop in funding from one year to the next.

Central School Services Block

15. The CSSB funds the following services:
- School Admissions
 - Servicing of Schools Forum
 - LA retained duties for schools and academies.

16. The indicative funding for 2023-24 is £1.44m.

Growth Fund

17. Schools Forum agreed to continue to maintain a ring-fenced growth fund from the DSG in order to fund in-year pupil growth in relation to additional classes in maintained and academy schools to create additional classes at the LA's request.

High Needs Funding

18. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old. The following are funded from the High Needs Block of the DSG:
- Harrow special schools and academies
 - Additionally Resourced Mainstream (ARMs) units in mainstream schools
 - Places in out of borough special schools and independent school provision
 - EHCPs in mainstream schools and academies
 - Post 16 provision including Further Education
 - SEND Support services and support for inclusion
 - Alternative provision including Pupil Referral Units and education other than at school
19. The government introduced a National Funding Formula for High Needs from 2018-19. Funding has previously been based on historical allocations plus small annual amounts of growth. In order to manage increasing growth for demand and complexity, annual funding transfer from the schools block into the high needs block have been approved by Schools Forum
20. From 2018-19 the Schools Block has been ring-fenced and transfers between blocks has been restricted to 0.5% of the Schools Block (approx. £970k). The decision to agree a transfer remains with Schools Forum. It agreed a transfer of 0.5% in 2018-19 and a reduced transfer of 0.25% in 2019-20 however it did not agree to any transfer beyond 2019-20 on the basis that the government should be properly addressing the inherent underfunding of High Needs pupils and to continue to top slice mainstream school budgets masks the extent of the problem.
21. There is anticipated to be an additional £2m added to the HNB for 2023-24 however there are already significant pressures on the HNB.
22. At the start of 2022-23 there is a cumulative overspend on the HNB of £4.007m and there is a further projected overspend in 2022-23 of £1.091m taking the projected cumulative deficit on the HNB to £5.098m by March 2023.

DSG deficits

23. The government consulted on the treatment of deficits in 2019. The outcome of the consultation was a change to the regulations for the treatment of DSG deficits so that LAs must carry forward any HNB deficit to be funded from the next year's budget share. It also explicitly states that LAs can not and should not fund any DSG deficit from its own reserves.

DSG Management Plans

24. With effect from 2019-20 the DfE has tightened up the rules under which local authorities have to explain their plans for bringing the DSG account back into balance
25. The DfE will require a report from any LA that has a cumulative DSG deficit of more than 1% at the end of the financial year. The 1% calculation will be based on the latest published DSG allocations for 2022-23 compared with the deficit shown in the authority's published draft accounts.
26. A management plan has been drafted however and discussed with Schools Forum. However, the following points should be noted:
27. Despite the significant proposals and measures planned over the next ten years, this will not mitigate the deficit. This is due to the following contributory factors:
- historical underfunding
 - current budgets being based on historical budgets rather than historical spend
 - extension of age range to include 0-5 and post 19
 - current and projected formulaic funding which does not keep pace with demand
 - significant historical and projected growth in number of EHCPs
 - continued growth in complexity of pupils' needs
 - limitations about creating cost effective provision in borough due to capacity and site limitations

Early Years Funding

28. Funding for Early Years relates to free 15-hour nursery entitlement for all 3- & 4-year-olds in maintained nurseries and nursery classes as well as private, voluntary and independent (PVI) provision. From September 2017 this was extended to 30-hour nursery entitlement for eligible 3- & 4-year-olds. It also funds free 15-hour nursery entitlement for disadvantaged 2-year-olds.
29. A National Funding Formula for Early Years was introduced in 2017-18. Cabinet approved the structure of the Harrow formula for the distribution of funding to providers in January 2018.
30. Funding rates and allocations will be announced in December 2022.