

Bristol Schools Forum
Update on the Dedicated School Grant 2023-24

Date of meeting:	27 September 2022
Time of meeting:	5.00 pm
Venue:	City Hall

1 Purpose of report

- 1.1 This report provides an outline of emerging DSG funding levels for 2023/24, and updates on changes to the School Block with the implementation of the hard National Funding Formula. As details on allocations are yet to be confirmed any figures are indicative and should be treated only as such.

2 Recommendation

2.1 Schools Forum is invited to:

- a) **note the indicative 2023/24 funding levels.**
- b) **note the transition to a hard NFF will begin in 2023-24 and the proposed restrictions relating to the DSG School Block.**
- c) **Note that the LA will consult with schools on items in the local formula, particularly MFG, transfers between blocks, and formula factors.**
- d) **Agree to the introduction of a new de-delegated service area, for school improvement activities, following the cessation of the school improvement monitoring and brokering grant**
- e) **note that the LA will consult with schools on their views on de-delegation, and then report the results of the consultation to Forum for their decision at the meeting in November.**
- f) **Agree to the re-establishment of a Finance Sub-group to consider funding formula proposals for 2023-24**

3 Background

- 3.1 On 19 July, the Minister of State for School Standards made a written statement setting out information on the schools, high needs and central school services national funding formulae (NFF) for 2023 to 2024.
- 3.2 The published information included provisional National Funding Formula (NFF) allocations for Schools Block (excluding Growth), High Needs Block and Central School Services Block for 2023-24, based on current pupil data. Actual allocations and the Growth allocations will be determined later

in the Autumn, based on Autumn 2022 school census data. There was no information on Early Years funding in this release.

- 3.3 For mainstream school funding (the School Block), the ESFA has indicated the intention to continue to move towards a 'hard' national funding formula, with the implementation beginning from 2023-2024.
- 3.4 Changes that are expected to be in place for 2023-2024 include:
- Decrease of the MFG value to between 0.0% and 0.5%
 - No local discretion over which funding factors to use
 - Local factor values must move closer to NFF factor values, with maximum and minimum values in place for factors, further limiting local priorities
 - Inclusion of previously separate school supplementary grant into the block funding
- 3.5 Whilst funding allocated to the schools and high needs blocks is distributed to individual LAs using National Funding Formula (NFF), the LA will retain some limited discretion over the local formula in to distributing the schools block to individual schools.

4 Funding levels for 2023/24

- 4.1 The announcement has stated that funding for mainstream schools through the National Funding Formula will increase by 1.9% overall, as compared to 2022/23, and that all LAs will receive at least a 5% increase on funding, with some LAs receiving up to 7% increase.
- 4.2 The NFF factor unit values for Basic Entitlement (AWPU) FSM6, IDACI, Low Attainment, EAL and the lump sum are being increased, however forum will be aware Bristol currently funds many of these factors at a higher rate than NFF. A comparison between the current local formula factor values, the 2022-23 NFF factor values and the 2023-24 NFF factor values is provided in Appendix 1.
- 4.3 The provisional Schools Block allocation for Bristol has been published at £319.86m, before growth funding, with actual allocations expected to be published in December 2022.
- 4.4 The provisional High Needs Block allocation for Bristol has been published at £82.979m (a £4.4m increase from 2022/23), with actual allocations expected to be published in December 2022.
- 4.5 The central schools services block provides funding for the ongoing responsibilities that local authorities continue to have for all schools. As has been practice in recent years, funding for historic commitments within this block will be reduced by a further 20% for 2023-2024. The provisional Central School Services Block allocation for Bristol has been published at £2.700m, with actual allocations expected to be published in December 2022. This is an overall reduction of £42k reflecting a £119k reduction in the historical commitments allocation, partially offset by an increase (+£77k) in funding for ongoing responsibilities allocation.
- 4.6 These provisional allocations are based on current pupil data. Final allocations of the 2022/23 funding will use information from the Autumn 2022 census are expected to be issued in December 2022.
- 4.7 Table 1 shows the potential funding and comparative increases in the DSG blocks for Bristol for 2023/24.

Table 1: Indicative 2023/24 DSG funding

Comparative allocations	2023/24 Indicative DSG allocation	Comparative 2022/23 DSG allocation	£ change	% change
	£m	£m	£m	
Schools Block excl. growth	319.860	304.311	+15.549	+5.1%
Central School Services Block	2.700	2.742	-0.042	-1.5%
High Needs Block	82.979	78.607	+4.372	+5.6%
Total	405.539	385.660	+19.879	+5.2%
Growth funding in school block	No data	1.881		
Early Years	No data	35.988		-

5 Restrictions on use

- 5.1 For 2023-24 we will continue to set a local school funding formula. The government has stated that 2023-24 will be the first year of transition to hard national funding formula, and that LAs will be restricted in their options in setting the local formula for 2023-2024.
- 5.2 Minimum funding levels per pupil are increasing again, setting a floor as to the minimum each pupil can attract into a school based upon Key Stage. These minimum funding levels remain a mandatory factor in the local formula and are set out in the table below.

Key Stage	2023-24 minimum per pupil funding levels
Primary (KS1 & KS2)	£4,405
KS3	£5,503
KS4	£6,033

- 5.3 The Minimum Funding Guarantee (MFG) for 2023/24 is reducing. For the last couple of years the MFG had to be set between +0.5% and +2%, with an MFG of +0.5% being applied for 2021/22 and 2022/23. For 2023/24 the MFG has to be set in the range 0.0% to 0.5%. Forum will need to discuss and agree what MFG rate is set for 2023/24 within this range.
- 5.4 The ESFA has indicated that LAs will not have any choice over which funding factors to use when composing the formula allocation; every NFF factor has to be used, with the exception of the locally determined premises factors which remain optional.
- 5.5 This means that all local authorities will have to use all three deprivation factors (FSM, FSM6 and IDACI), as well as low prior attainment (LPA), English as an additional language (EAL), mobility, sparsity and the lump sum.
- 5.6 Bristol already uses most of these, and is already using EAL3, which is the definition required by the NFF, but Bristol currently does not use the mobility and sparsity factors and will now be compelled to do so from 2023-2024.
- 5.7 As Local authorities will only be allowed to use NFF factors in their local formulae, the looked after children (LAC) factor will no longer be an

allowable factor. The rationale is that the government provides funding directly to support looked after children and previously looked after children through the pupil premium. This change is not of direct consequence to Bristol as we do not use the LAC factor in the funding formula.

- 5.8 There is an instruction that Local authorities must move their local formula factor values at least 10% closer to the NFF, except where local formulae are already “mirroring” the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be “mirroring” the NFF.
- 5.9 This instruction, combined with that there are also minimum and maximum values for being applied for individual factors, will limit Bristol’s ability to choose which factor values to enhance, in order to support local priorities. In previous years Bristol has opted to increase the Additional Education Need (AEN) factors, but depending on the final NFF unit values and boundaries this may no longer be possible.
- 5.10 What is remaining the same is that the ESFA is indicating that again local authorities will be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval.. A disapplication will be required for transfers above 0.5%, or for any amount where schools forum does not approve.
- 5.11 In 2022/23 we transferred £1.530m (0.5%) from the schools block to high needs block, this was earmarked specifically to support the Education Transformation Programme.
- 5.12 Consultation will be carried out with schools, prior to the November forum meeting to seek their views of the following items;
- Level of MFG to be applied.
 - Changes to formula factor funding values
 - Transfers between blocks
- 5.13 With 2023-2024 intended to be the first year of transition to a full and hard national funding formula, School Forum is invited to reconvene the Finance Sub-Group to consider the restrictions on School Block use and the implications for mainstream schools in Bristol in greater detail, and to inform School forum ahead of submitting the final local formula for 2023-34 to the ESFA, in January 2023.

6 De-delegation of services to Maintained Mainstream Schools

- 6.1 In order that schools and academies can be funded on the same basis, the funding for a number of services have been identified by the DfE as services that must be delegated as part of the initial formula.
- 6.2 Maintained mainstream schools, by a majority vote of the Schools Forum in each sector, can opt to 'de-delegate' the funding for their sector i.e. the LA will hold the funding centrally for the agreed services with the funding spent on that sector only. The agreed retention will not then be paid to maintained schools in the formula.
- 6.3 The LA will consult with maintained mainstream schools to canvass opinion on the de-delegated services. The result of this consultation will be reported to the November meeting of Schools Forum where the maintained school representatives will vote on which services to de-delegate for 2023/24.
- 6.4 The current de-delegated services in scope of the consultation are:

Primary schools

- Premises & employee insurance
- FSM assessment
- Maternity Supply Cover
- Trade Union Facility time
- Health & Safety Reps
- Education Psychology
- Support for schools in financial difficulty

Secondary schools

- Premises & employee insurance
- FSM assessment
- Maternity Supply Cover
- Trade Union Facility time
- Health & Safety Reps
- Education Psychology

- 6.5 Forum members will recall the previous vote for the 2022/23 formula was to continue to support de-delegation of funding for most, but not all, of these areas. Primary representatives voted not to de-delegate new funding for Schools in Financial Difficulty, instead this area is to use surpluses accumulated over previous years in 2022-23.

New De-Delegation consideration

- 6.6 From 2023 to 2024, the school improvement monitoring and brokering grant will cease and no longer be paid to local authorities. The loss of this funding jeopardizes the viability of the service. The value of this grant for the seven month period September 2021 – March 2022 was £115,607. For the five month period April 2022 – August 2022 the amount of grant was £36,434, making a total of £152,041 for the academic year 2021-2022.
- 6.7 The service is seeking a contribution of approximately £60,000 via de-delegation to support the service to maintained mainstream schools in 2023-2024. At present, in September 2022, there are approximately 16,500 pupils in maintained mainstream schools. At these present pupil numbers, to obtain a contribution of £60,000, Forum would be asked to agree a de-delegation per-pupil rate of £3.64.
- 6.8 School Forum is asked to agree to the inclusion of this new item of de-delegation into the de-delegation consultation with schools.
- 6.9 Following the closure of the consultation, School Forum will be asked to vote on whether to support each area of de-delegation for 2023-24 at the meeting in November 2022.
- 6.10 The report officers will bring to School Forum in November will include information on the accumulated surpluses of de-delegated areas in order to inform the vote for 2023/24.