

Hillingdon Schools Forum

Update on the Dedicated School Grant 2023-24

Date of meeting:	10 th November 2022
Time of meeting:	1.00 pm
Venue:	Teams
Officer presenting the report:	Coral Miller

1 **Introduction**

- 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 and indication of increases in the High Needs Block. As details on allocations are yet to be confirmed any figures are indicative and should be treated 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 Forum on items in the local formula, particularly Minimum Funding Guarantee (MFG) and formula factors.

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 (Education & Skills Funding Agency) 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:
- a) Decrease of the MFG value to between 0.0% and 0.5%
 - b) No local discretion over which funding factors to use
 - c) Local factor values must move closer to NFF factor values, with maximum and minimum values in place for factors, further limiting local priorities. See Appendix A.

- d) 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.
- 3.6 There have been some additional updates on 13th October 2022, and we can expect more adjustments before the final allocation and changes are announced, toward the end of December 2022.

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 1.6% overall, as compared to 2022/23. Please note these are indicative figures and subject to change.
- 4.2 The NFF factor unit values for Basic Entitlement (AWPU) FSM6, IDAC1, Low Attainment, EAL and the lump sum are being increased.
- 4.3 The provisional Schools Block allocation for Hillingdon has been published at £262.80m, before growth funding, with actual allocations expected to be published in December 2022.
- 4.4 The provisional High Needs Block allocation for Hillingdon has been published at £56.63m (a £3.73m 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. This means the provisional amount has been reduced by £0.078m from 2022-2023 allocations.
- 4.6 Table 1 shows the potential funding and comparative increases in the DSG blocks for Hillingdon for 2023/24. Please note no information has been provided yet on the Early years' allocations.

Table 1: Indicative 2023/24 DSG funding as per the Schools operational Guidance 13th October 2022

Comparative allocations	2023/24	Comparative	£ change	% change
	Indicative DSG allocation	2022/23 DSG allocation		
	£m	£m	£m	
Schools Block excl. growth	262.803	258.507	+4.296	+1.6%
Central School Services Block	2.462	2.540	-0.078	-3.1%
High Needs Block	59.626	55.900	+3.726	+6.6%
Total	324.891	316.947	+7.944	+2.5%

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.
- 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 must be set in the range 0.0% to 0.5%. School's 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 must be used, except for 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 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.
- 5.7 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.
- 5.8 This instruction, combined with that there are also minimum and maximum values for being applied for individual factors, will limit Hillingdon's ability to choose which factor values to enhance, to support local priorities.
- 5.9 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. A paper will follow this one asking the Schools Forum to approve this.
- 5.10 2023-2024 is intended to be the first year of transition to a full and hard National Funding Formula with the ESFA is expecting to move to a full hard national funding formula by 27-28.

6 **Funding impact of the changes**

The Local Authority has now received their APT tool and can now start to model the impact of the changes on individual schools and on the effect of the MFG changes, the LA proposes to bring some models of the impact to the next Schools Forum.

APPENDIX A

Local authority name	Factor	2023 to 2024 national funding formula (NFF) including area cost adjustment (ACA)	2023 to 2024 authority proforma tool (APT) minimum	2023 to 2024 APT maximum
Hillingdon	Primary basic entitlement	£3,739.75	£3,646.25	£4,004.61
Hillingdon	KS3 basic entitlement	£5,272.45	£5,140.64	£5,404.26
Hillingdon	KS4 basic entitlement	£5,942.38	£5,793.83	£6,090.94
Hillingdon	Primary FSM	£528.90	£63.42	£542.12
Hillingdon	Secondary FSM	£528.90	£63.42	£542.12
Hillingdon	Primary FSM6	£776.82	£757.40	£1,192.28
Hillingdon	Secondary FSM6	£1,134.93	£1,106.55	£1,577.97
Hillingdon	Primary IDACI F	£253.43	£130.27	£259.77
Hillingdon	Primary IDACI E	£308.52	£230.57	£316.24
Hillingdon	Primary IDACI D	£484.82	£353.04	£496.94
Hillingdon	Primary IDACI C	£528.90	£452.22	£542.12
Hillingdon	Primary IDACI B	£561.95	£547.90	£576.00
Hillingdon	Primary IDACI A	£738.25	£672.76	£756.71
Hillingdon	Secondary IDACI F	£369.13	£175.35	£378.35
Hillingdon	Secondary IDACI E	£490.33	£315.71	£502.59
Hillingdon	Secondary IDACI D	£683.16	£463.32	£700.24
Hillingdon	Secondary IDACI C	£749.27	£598.10	£768.00
Hillingdon	Secondary IDACI B	£804.37	£726.81	£824.47
Hillingdon	Secondary IDACI A	£1,024.74	£882.16	£1,050.36
Hillingdon	Primary EAL3	£639.08	£623.11	£792.05
Hillingdon	Secondary EAL3	£1,724.43	£1,282.76	£1,767.54
Hillingdon	Primary LPA	£1,272.66	£722.34	£1,304.48
Hillingdon	Secondary LPA	£1,928.27	£1,825.39	£1,976.48
Hillingdon	Primary mobility	£1,041.27	£1,015.24	£1,067.30
Hillingdon	Secondary mobility	£1,498.54	£1,457.27	£1,536.01
Hillingdon	Primary lump sum	£141,039.36	£137,513.38	£146,906.51
Hillingdon	Secondary lump sum	£141,039.36	£137,513.38	£146,906.51
Hillingdon	Primary sparsity	£62,035.28	£7,564.49	£63,586.16
Hillingdon	Secondary sparsity	£90,243.15	£11,012.91	£92,499.23
Hillingdon	Middle-school sparsity	£90,243.15	£11,012.91	£92,499.23
Hillingdon	All-through sparsity	£90,243.15	£11,012.91	£92,499.23