

**Brighton & Hove City Council****Meeting: Schools Forum****Date: 11 October 2021****Report of: Head of Health, Adults, Families, Children and Learning Finance****Subject: Dedicated Schools Grant 2022/23****Wards Affected: All****1 Purpose of the report**

- 1.1 To update the Schools Forum on the government announcements relating to the Dedicated Schools Grant (DSG) for 2022/23.
- 1.2 To establish agreement on local arrangements of elements of the DSG including the de-delegation from mainstream schools, the central school services block (CSSB) and growth fund for 2022/23.

**2 Recommendations**

- 2.1 To note the estimated gross DSG of £205.121m for 2022/23. Following government spending review announcements, and the commitment to increase funding for schools and high needs, the local authority has now received indicative data of how this will impact on Brighton and Hove in 2022/23. The 2022/23 financial year is the final year of a 3-year settlement. The indicative values will still be subject to significant adjustment to reflect updated pupil number data and other revisions to allocations by DfE. Further updates of the 2022/23 DSG will be presented at future meetings of the Schools Forum.
- 2.2 To note the provisional 2022/23 DSG allocations and potential increases to the schools and high needs funding blocks and reduction in the central school services block.
- 2.3 To agree the de-delegation of the items within Exception 1 for the primary phase of the schools block of £0.911m as per paragraph 4.1.
- 2.4 To agree the de-delegation of the items within Exception 1 for the secondary phase of the schools block of £0.419m as per paragraph 4.1.
- 2.5 To agree the growth fund of £0.278m as per paragraph 5.
- 2.6 To agree the items within the Central Services Schools Block (CSSB) of £1.442m as per paragraph 6.

**3 Background**

- 3.1 On 3 September 2019, the Spending Review announced the government's commitment to increase the overall schools budget by £7.1 billion (£4.6 billion above inflation) by 2022/23, compared to 2019/20 funding levels. To fulfil this commitment, the Spending Round exceptionally set budgets for schools until 2022/23.

- 3.2 Nationally, core school funding increased by £2.6 billion in 2020/21, and is increasing by £4.8 billion in 2021/22 and £7.1 billion in 2022/23 respectively, compared to 2019/20 funding levels.
- 3.3 In publishing the provisional DSG allocations for 2022/23 calculated through the schools, high needs and central school services national funding formulae (NFF) the government funding factors used will remain the same, but some technical changes are being made which include:
- For deprivation data on pupils who have been eligible for free school meals at any time in the last six years (FSM6) is now taken from the October 2020 school census instead of from the January census, to bring the factor into line with arrangements for pupil premium
  - For the low prior attainment (LPA) factor in the NFF, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) assessments have been used as a proxy for the 2020 assessments, following the cancellation of these assessments due to the pandemic
  - For sparsity in the Schools NFF the DfE has made changes to the application of this factor. This factor is designed to support small rural schools and is generally not applicable to urban local authorities, such as Brighton and Hove

3.4 The DSG allocations are separate to other funding streams the government has announced to support education recovery in response to the pandemic. In addition, pupil premium funding is separate to allocations included within the DSG.

### 3.5 Schools Block

Nationally, school funding through the NFF is increasing by 3.2% overall in 2022/23. The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2022-23 are:

- the core factors in the NFF will increase by 3%
- the minimum per pupil levels and the NFF funding floor are increasing by 2%
- the minimum per pupil funding levels will ensure that every primary school receives at least £4,265 per pupil, and every secondary school at least £5,525 per pupil, reflecting the government's pledge to level up the lowest funded schools

Locally it is estimated that the gross schools block allocation (before recoupment for academies) from DfE will increase from £150.859m in 2021/22 to £154.259m to 2022/23. The final schools block for 2021/22 will be updated to reflect pupil numbers in the October 2021 census.

3.6 In July 2021 the government launched a consultation linked to the transition to a hard NFF for schools. This advised that there will be no major change to local authorities' role in the distribution of school funding for 2022/23 and 2023/24. However, the consultation proposed LAs gradually move closer to the NFF over this timeframe.

### 3.7 High Needs Block

Nationally, high needs funding is increasing by a further £780m (9.6%) in 2022/23, bringing the total high needs budget to £8.88bn. The NFF will ensure that every LA receives an increase of at least 8% per head of population, with some LAs receiving up to 11% more this year.

Locally, it is estimated the high needs block will increase from £30.632m in 2021/22 to £32.949m in 2022/23. This represents an estimated increase of £2.317m.

### 3.8 Central Services Schools Block (CSSB)

CSSB covers funding allocated to LAs to carry out central functions on behalf of pupils in maintained schools and academies in England. CSSB funding is split into two elements: funding for ongoing responsibilities and funding for historic commitments, where the LAs' total CSSB NFF funding is the sum of these two values. Whilst the government recognises that local authorities will need to utilise this funding to deliver ongoing responsibilities it is necessary to seek approval of the Schools Forum to do this.

For 2022/23 funding the ongoing responsibilities that local authorities continue to have for all schools will be allocated by DfE on a formulaic basis. However, in line with the process introduced for 2020/21 to withdraw funding over time based on the commitments local authorities entered into before 2013/14, funding for historic commitments will decrease by 20%, for those local authorities in receipt of this funding.

For Brighton & Hove this means that the overall funding received within the central services schools block is estimated to be £2.282m.

3.9 At this stage no announcements have been made regarding the detailed funding arrangements of the early years block for 2022/23.

3.10 In summary the total estimated DfE allocations for 2022/23 are shown below, together with a comparison to 2021/22:

	<b>Schools Block before Academy recoupment</b>	<b>Central Services Schools Block</b>	<b>High Needs Block</b>	<b>Early Years Block**</b>	<b>Total</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
<b>Estimated DfE Funding Blocks 2022/23</b>	<b>154,259</b>	<b>2,282</b>	<b>32,949</b>	<b>15,631</b>	<b>205,121</b>
<b>DfE Blocks 2021/22</b>	<b>150,859</b>	<b>2,415</b>	<b>30,632</b>	<b>15,631</b>	<b>199,537</b>
<b>Change in 2022/23</b>	<b>3,400</b>	<b>(133)</b>	<b>2,317</b>	<b>-</b>	<b>5,584</b>

\* schools block includes growth provision estimate – this will be confirmed by DfE in December 2021. This block will also be updated to reflect pupil numbers from the October 2021 census

\*\* early years block for 2022/23 currently assumed at same level as 2021/22

#### 4 Exception 1 – Where maintained schools agree that a service should be provided centrally – part of the Schools Block

- 4.1 For 2022/23 the draft figures per phase are shown in the table below. It will be necessary for Forum members to agree to de-delegation on a phase by phase basis (this section only applies to mainstream Primary and Secondary schools and does not apply to Academies and Free Schools);

Service	para	How this is de-delegated from Schools budgets	Primary £k	Secondary £k	Total £k
Mainstream Schools Contingency	4.2	amount per pupil	157	143	300
Ethnic Minority Achievement Service (EMAS)	4.3	amount per EMAS pupil	377	0	377
Free School Meals (FSM) eligibility administration	4.4	amount per FSM pupil	19	11	30
Insurance	4.5	amount per pupil	308	215	523
Staff Costs (Union Duties / Jury service / Suspension)	4.6	amount per pupil	50	50	100
<b>TOTAL</b>			<b>911</b>	<b>419</b>	<b>1,330</b>

- 4.2 The first area to be considered is the **Contingency** fund that enables the Council to support schools whenever unforeseen issues arise. In 2020/21, £236k was spent in-year and the balance remaining (£64k) was re-allocated back across schools. There are a large number of potential areas where schools may receive an allocation from contingency. These include:
- Exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet
  - Schools in financial difficulties
  - Additional costs relating to new, reorganised or closing schools
  - Rates revaluations

In total, it is proposed that £0.300m will once again be held as a contingency in 2022/23, to ensure those schools that need support can receive it.

- 4.3 The second area to be considered is funding for support for **Ethnic Minority Achievement Service (EMAS)**. EMAS is a school improvement service that assists and challenges schools and Early Years settings to ensure that learners from EAL, BME and mixed heritage groups have access to the education opportunity they require to achieve. The team leader acts as an ambassador and advocate raising awareness of BME pupils and families and the related agendas and issues surrounding achievement.

**All local authority primary schools can access a 'core' service from EMAS.** This is funded by the de-delegated sum contributed by every primary school. Every primary maintained school in the city has access to the EMAS 'core' service and the choice of purchasing further packages to support EAL/BME pupils 'diminishing the difference' in achievement. EMAS reports on BME and EAL data and will lead schools in 'diminishing the difference' for these pupils. This past year the core service has supported schools communicate the complexities of COVID-19 support resolving financial hardship and digital poverty; returned to face-to-face pupil support from September 2021 and supported ongoing assessments with EHCP process and SALT.

The core service includes:

The core service includes:

- Strategic visits to address development needs, including data analysis and target setting
- Equalities and Diversity Learning walk
- Advice around EAL/SEN (special educational needs)
- Access to home liaison for significant meetings, annual reviews etc. in main community Languages (Albanian, Arabic, Bengali, Chinese, Dari, Farsi, Hungarian, Pashtu, Romanian, Persian, Portuguese, Oromiffa, Spanish, and Polish)
- Specialist Early Years teacher transition visits for pupils identified by EMAS Early Years teachers and TAs
- Specialist TA support for groups of pupils in reception to boost acquisition of English and opportunity to meet GLD at EYFS. This provision is targeted according to EMAS assessment of need in reception classes across all Brighton and Hove state maintained schools
- Up to date advice from research around BME progress and achievement
- Triple P in Bengali, Polish, Chinese, Oromiffa and Pashtu

The de-delegated sum also subsidises the Bilingual Assistant provision for schools and provides funding for leadership and professional development of the EMAS team. Bilingual assistants are available for: Albanian, Amharric, Arabic, Bengali, Cantonese, Dari, Farsi, Hungarian, Lithuanian, Mandarin, Oromia, Pashtu, Polish, Portuguese, Romanian, Russian, Slovakian, Thai, Turkish., Wolof and Urdu.

- EMAS is funded by a mix of de-delegated schools block DSG (£0.377m proposed for 2022/23) and schools buy back. Agreement to de-delegate funding will enable EMAS to continue with the current level of core service for primary schools maintaining the increases and provision enabled by the funding agreed in 2021/22.

#### 4.4 The third area to be considered is funding for **Free School Meals (FSM) eligibility checking service.**

The benefits of retaining the service centrally are as follows:

- Ensures that schools receive the correct levels of funding based on FSM eligibility (pupil premium)
- Ensures that data held by schools is accurate and matches that held at authority level which is essential for census returns.
- Assists in maintaining accurate data on the Impulse database which is used by many teams within the authority, enables access to FSM eligibility when used to consider other benefits e.g. free travel
- Provides consistent methods of application for all parents/carers across the city available online through the council's webpage or by a single paper form
- More efficient verification process as the LA is able to utilise an online checking system which links to the DWP and HMRC data. This is only available to LAs and not individual users (e.g. schools)
- Improved customer experience as paper proof of benefits are not required and phone/online applications can be made and we are able to investigate "false" results directly with HMRC and the DWP(via the ECS) and inform applicants as to why they may not be eligible or confirm eligibility via these resources

- Available 52 weeks per year
- The current method (utilising online checking) enables a parent/carer to make one application which if they continue to be in receipt of a qualifying benefit will remain for the whole of their school life
- The introduction of UIFSM from September 2014 requires the ability to be able to identify and distinguish between UIFSM eligibility and FSM eligibility and promote application the funding ensures that this can be communicated clearly to applicants.

Systems and procedures in place centrally have helped minimise the impact of the introduction of UIFSM and reduction in applications, thus maximising access to pupil premium funding for schools across the city.

The risks if schools retain budgets are as follows:

- The customer experience would be greatly reduced – paper proof of benefits would be required, and application numbers may reduce as schools are not available throughout the year
- The benefits system is changing with the roll out of Universal Credit (UC) and confirmation of FSM eligibility for some claimant is complex. UC statements can only be viewed online by claimants this together with a new category of “Pending keep checking” returned by an online check, requires us to keep checking for up to 6 weeks whilst the UC is put in place or until it shows as a true/false result.
- Incorrect awards of FSM – individual interpretation of criteria
- Less accurate data at LA level
- Schools would need to provide verification of FSM status to support parental requests for transport assistance – significantly increasing the waiting time for parents/carers
- Increased administration at school level and lack of expert knowledge may impact on promotion of application especially as applications tend to be made at an already busy time of the academic year.

- 4.5 The fourth area to be considered is funding for **Insurance**. At present insurance cover for buildings, contents, liability and other miscellaneous insurances are arranged centrally by the Insurance Team. As well as ensuring that cover is adequate and appropriate for the school's needs the Insurance Team provides day to day advice to schools and plays a large part in the administration and negotiation of claims.

The most obvious benefit of maintaining the current arrangement is one of cost effectiveness and value for money. By tendering all of the schools together, with the remainder of the council's insurance requirements, lower premiums and less onerous terms can be achieved. Schools are traditionally viewed by insurers as high risk but by offering the remainder of the council's property and liability risks at the same time this has the effect of tempering this risk as the insurance market will consider the risk presented to them as a whole.

Schools would face significant increases in premiums for property and liability insurance to reduce the current £100,000 excess on both property and liability claims to avoid having to find a large amount from their budget if a serious claim arises.

The schools also benefit from professional assistance and advice from the insurance team, who can liaise with insurers and the council's insurance broker, where necessary, and ensure that any advice provided to schools reaches all appropriate staff and is consistent.

The risks in changing the current arrangements include higher premiums and more restrictive terms. Inappropriate covers may be arranged or gaps in cover may exist. Schools would probably need to secure the services of a broker to identify and arrange policies to meet their needs and claims would need to be negotiated directly with insurance companies or loss adjustors.

While schools now have the option to join the Government backed 'Risk Protection Arrangement' (RPA) scheme, this is not recommended by the council's insurance team, since this scheme does not provide an insurance solution as comprehensive as the council's insurance scheme.

Please see further information regarding insurance and the RPA in appendix 7.1.

- 4.6 The fifth area to be considered is funding for **Staff Costs - supply cover (Union Duties/Jury service/Suspension)**, to ensure funding is available to give back to those schools who have teachers on Jury service, who have teacher union representatives at their school who do work for all school teachers and for those schools (Primary & Secondary) who may have a teacher that is suspended.
- 4.7 Whilst each of these could be delegated to schools on a pro rata basis, such individual funding is likely to be insufficient for schools to purchase an equivalent service. It may be in the future that groupings of schools will wish to explore their collective bargaining power in these areas but continuing with existing arrangements will ensure that provision is maintained and risks covered for all schools until any suitable alternatives can be determined.

## 5 Growth Fund £0.278m – part of Schools Block

- 5.1 As part of the funding arrangements, the expectation of the Government is that the vast majority of the Schools Block will be delegated to schools through the local formula. However, the Schools Forum can make a decision to create a fund for significant pupil growth in order to support the Local Authority's duty for place planning (basic need), including pre-opening and diseconomy of scale costs, and agree the criteria for maintained schools and academies to access this fund. The Local Authority can appeal to the Secretary of State if the Schools Forum rejects its proposal. As in previous years, the LA is proposing to use the Growth Fund to recognise cases where schools are taking on additional forms of entry or extending the age range of pupils. The Schools Forum approved the central retention of the growth fund in 2021/22 (£0.337m) and the LA is seeking similar agreement for the coming financial year and in so doing recognise the additional accommodation being provided by secondary schools as the rise in pupil numbers makes its way into the secondary phase of education. The total budget provision required in the Growth Fund in 2022/23 is estimated to be £0.278m (as detailed in appendix 7.1). The growth fund will be ring-fenced so that it is only used for purposes of supporting growth in pupil numbers and will be for the benefit of both maintained schools and academies. This funding will be allocated directly to the individual schools affected.

## 6 Central School Services Block (CSSB)

- 6.1 The CSSB continues to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements; ongoing responsibilities and historic commitments. This block contains the items previously classified Exception 2, Exception 3, Copyright Licenses and Other Duties. The DfE will use a national formula to calculate the CSSB, based on 90% pupil numbers and 10% deprivation, and then increased by the Greater Labour Market (GLM) Area Cost Adjustment (ACA), which is 1.00611 for Brighton & Hove.
- 6.2 For the former Exception 2 and Exception 3 items, the DfE will allow expenditure on these lines up to the total budgeted for in 2013/14, but no new commitments or additional expenditure will be permitted unless DfE approval is granted.
- 6.3 The funding for these duties and responsibilities was transferred into the CSSB of the DSG in 2017/18 in relation to the funding previously allocated to the Local Authority for retained duties for all pupils. In subsequent years the Schools Forum has approved the retention of this funding by the LA.

The CSSB allocation provides support to all schools in the following areas:

### **Statutory and regulatory duties**

- Planning for the education service as a whole.
- Authorisation and monitoring of expenditure not met from school budget shares.
- Internal audit and other tasks related to the authority chief finance officer's responsibilities under Section 151 of the LGA 1972 except duties specifically related to maintained schools.
- Consultation costs relating to non-staffing issues.
- Plans involving collaboration with other LA services or public or voluntary bodies
- Provision of information to or at the request of the Crown other than relating specifically to maintained schools.

### **Access for Education**

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils.
- School attendance including Children Missing Education.
- Responsibilities regarding the employment of children.

### **Asset Management**

- Management of the capital programme including preparation and review of asset management plan, and negotiation and management of private finance transactions
- General landlord duties for all buildings owned by the local authority, including those leased to academies

- 6.4 The DfE has agreed with the Copyright Licensing Agency, the Schools Printed Music License, the Newspaper Licensing Agency media access licence, the Educational Recording Agency, the Public Video Screening Licence and Motion Picture Licensing Company licences, the Performing Right Society for Music, the Phonographic Performance Ltd., the Mechanical Copyright Protection Society and the Christian Copyright Licensing International, to purchase a single national licence for all state-funded schools and academies in England. An exception has been defined by the DfE relating to these licences. This is estimated to be £0.147m for Brighton and Hove.



- 6.5 The LA is seeking Forum approval to agree central retention of the items in the table below. The remaining balance of funding in the CSSB will be transferred to the Schools Block for delegation to schools.

<b>Total 2021/22 £k</b>	<b>Service</b>	<b>Total 2022/23 £k</b>
33	Ex 2 – Combined Services – Legionella works	33
20	Ex 2 – Miscellaneous Expenditure – Headteacher Support	20
321	Ex 3 – School Admissions	341
252	Ex 3 – Termination of employment costs	252
40	Ex 3 – Schools Forum	40
147	Ex 4 – Copyright licenses as notified by DfE	147
219	Other Duties – Statutory and regulatory duties	219
112	Other Duties – Access for Education	112
149	Other Duties – Asset Management	149
129	Pay and Pension grant for centrally employed teachers	129
<b>1,422</b>	<b>Total Central School Services Block</b>	<b>1,442</b>

- 6.6 The overall summary position for the 2022/23 CSSB and proposed transfer to the Schools Block is shown in the table below

	<b>2022/23 £'000</b>
CSSB Notified Allocation from DfE as at July 2021	2,282
Central Retention Required	1,442
Balance to be transferred to Schools Block	840

The balance of £840k will be a further increase to the Schools Block. This is over and above the Schools Block funding increase of £3.400m shown in paragraph 3.10.