

# **Report to: Schools’ Forum**

**Date: 19th January 2023**

**Report of: Terry Shaw, Schools Funding Manager**

**Title: Dedicated Schools Grant (DSG) Schools Block Budget 2023/2024**

**Status: For Decision**

**Purpose**

The purpose of this report is to seek Schools’ Forum approval for the allocation of the national funding formula factor values and the Minimum Funding Guarantee (MFG) at either 0.0% or 0.5% as part of the mainstream school funding formula for Birmingham City Council for 2023/24 and to agree the preferred option of utilising a proportion of the DSG balance of £9.2m brought forward from 2022/23 to offset the shortfall of in the DSG schools block funding for 2023/24 after applying the National Funding Formula (NFF), MFG and growth fund requirements in the Authority Proforma Tool (APT).

**Background**

Each year local authorities are required to detail their schools block funding formulae in accordance with the arrangements set out by the Secretary of State for Education. The Education and Skills Funding Agency (ESFA) has developed the APT to assist local authorities to model and then confirm how they plan to do this for the funding year.

The total allocation as at 16th December 2022 for Birmingham is £1,086.0m including £7.7m National Non Domestic Rates (NNDR) within the premises factor, or £1,078.3m excluding NNDR.

Every school must receive a minimum of £4,405 per-pupil funding for primary schools, £5,503 per-pupil funding for Key Stage 3 at secondary schools and a minimum of £6,033 per-pupil funding for Key Stage 4 at secondary schools. This has been reflected in the APT.

**Growth Fund and Falling Rolls Fund**

The requirement for the explicit growth and falling rolls in 2023/24 is reflected in the APT and shown in the table below:

|  | **£m** |
| --- | --- |
| Projected Implicit Growth i.e pupil growth numbers to be built into formula (Source: GF\_FP v4 - Implicit Funding 2023-24 v4) | 2.8 |
| Projected Explicit Growth i.e centrally held growth budget requirements for 2023/24 | 3.6 |
| Less Refunded by DFE Recoupment Process: (Apr-Aug 2023 payments) | 0.5 |
| **Projected Explicit Growth less Recoupment** | **3.1** |
| Projected Falling Rolls Fund (Source: GF\_FP v4 - Explicit Funding 2023-24 v4) | 1.5 |
| **Projected Explicit Growth less Recoupment plus Falling Rolls**  | **4.6** |

The explicit growth has been reflected in the adjustment of pupil numbers in the APT to reflect the Numbers on Roll projected in 2023/24.

The Growth Fund requirement is therefore affordable when comparing to the 2023/24 DSG allocation of £4.8m.

**Birmingham City Council Methodologies**

Apart from applying the rate specified in NFF Guidance, we have also increased the following factors in the APT:

* De Delegation: increase by 1.9% in line with general NFF factor increase rate
* Split sites: increase by 1.9% in line with general NFF factor increase rate
* PFI top ups for PPP1 schools: increase by 13.5% in line with ONS (Office for National Statistics) published RPI(x) rate at November 2022.

**Options available to calculate the Mainstream School Budget for 2023/24**

Without using the option of trimming the NFF pupil-led factors in the APT, there are two options available two the Council, one of which is to use the maximum allowable MFG factor of 0.5% and the other of which is to use the minimum allowable MFG factor of 0.0%.

If the council applies the NFF rate in the APT with a maximum MFG factor of 0.5% with no capping or scaling, then this results in a total cost of £1,081.4m and a resulting shortfall in funding for 2023/24 of £3.1m against the ESFA allocation of £1,078.3m. This shortfall equates to 0.29% of the total DSG Schools Block allocation for 2023/24.

If the council applies the NFF rate in the APT with a minimum MFG factor of 0.0% with no capping or scaling, then this results in a total cost of £1,080.3m and a resulting shortfall in funding for 2023/24 of £2.0m against the ESFA allocation of £1,078.3m. This shortfall equates to 0.18% of the total DSG Schools Block allocation for 2023/24.

The shortfall in funding is mainly due to the increase in the pupil led factors in 2023/24. The shortfall percentage of 0.29% is comparable to many other local authorities for 2023/24.

**Recommendation**

The Schools Block DSG brought forward balance as at 31st March 2022 was £9.2m. As the DSG is provided to be utilised in full in the year that it is allocated, the ESFA does not intend for reserve DSG balances to be retained.

The recommendation is to apply the maximum 0.5% MFG factor to provide schools with the additional funding protection and to utilise the £3.1m of the £9.2m DSG Schools Block balance brought forward at 1st April 2022 to offset the shortfall in 2023/24.

As no shortfall on the Schools Block DSG has been projected for 2022/23, this would leave a projected Schools Block DSG carried forward balance of £6.2m at 31st March 2024.