

SCHOOLS FORUM

Meeting date: 18 January 2022

**From: Dan Barton
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DEDICATED SCHOOLS GRANT BUDGET 2022/23

1.0 EXECUTIVE SUMMARY

1.1 This report informs the Schools Forum of the 2022/23 Dedicated Schools Grant (DSG) budget. The total Dedicated Schools Grant budget to be allocated in 2022/23 is £430.065m. This is to fund all schools (both maintained and academies), and also covers early years (including PVI providers), central school services and high needs provision.

1.2 The Schools Forum is asked to note the Dedicated Schools Grant budget for 2022/23, the proposed allocation of the Schools Block, the reduction against the Central Schools Services Block and the proposed increase in the basic hourly rate for 2 and 3-4 year olds through the Early Years Funding Formula and approve the Growth Fund, Central Schools Services Block and the Early Years Block centrally retained expenditure budgets for 2022/23.

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

2.1 Ensuring that Cumbrian schools are funded appropriately is supportive of the Council Plan outcome that ‘People in Cumbria are healthy and safe.

3.0 RECOMMENDATION

3.1 The Schools Forum is asked to note:

- the Dedicated Schools Grant settlement for 2022/23;**
- the proposed allocation of the Schools Block and transfer to High Needs Block;**
- the reduction against the Central School Services Budget;**
- the proposed increase in the basic hourly rate for 2 and 3-4 year olds.**

3.2 **The Schools Forum is recommended to approve:**

- **the growth fund budget of £0.400m;**
- **the Central Schools Services Block budget of £3.804m;**
- **the centrally retained Early Years expenditure budget of £0.582m.**

4.0 **BACKGROUND**

4.1 On 22 November 2021 the Schools Forum agreed to recommend to Cabinet that Cumbria should adopt the National Funding Formula (NFF) for 2022/23 and that, once the NFF has been applied in full to calculate school budget shares, any surplus balance remaining, after taking into account the growth fund budget, to be transferred to the High Needs (HN) Block up to a maximum of 0.5% with any residual balance after that to be allocated to schools through the school funding formula. Cabinet subsequently approved this recommendation on 16 December 2021.

4.2 The total DSG grant allocation for Cumbria for 2022/23 is £430.065m and includes an additional £2.230m for High Needs following the announcement of £1.6bn extra funding available nationally for schools and high needs in the Autumn 2021 Spending Review.

4.3 The ESFA have also published indicative additional funding allocations for schools which for Cumbria is £10m although individual school level detail will not be published until Spring 2022. The additional funding for schools will be in the form of a supplementary grant and will sit outside of the schools NFF but will be rolled into the core NFF from 2023/24. This grant is to provide support for the costs of the Health and Social Care Levy and wider cost pressures faced by schools. Schools will have flexibility to use this grant to address cost pressures as they see fit.

4.4 The total DSG allocation, which is allocated in 4 blocks, funds all schools (maintained and academies), early years providers (including private, voluntary and independent providers), high needs provision and central schools services. The allocations for 2022/23 are shown in the table below compared to the final allocations for 2021/22 (as at November 2021):

| | 21/22 £m | 22/23 £m | Movement £m | % |
|-----------------------------|-------------|-------------|----------------|--------|
| Schools Block | 326.270 | 337.725 | 11.455 | 3.51% |
| HN Block | 53.961 | 60.764 | 6.803 | 12.61% |
| Central Services Block | 4.184 | 3.804 | -0.380 | -9.08% |
| Early Years Block | 28.453 | 27.771 | -0.682 | -2.40% |
| Total DSG | 412.869 | 430.065 | 17.196 | |
| Schools Supplementary Grant | 0.000 | 10.000 | 10.000 | |

5.0 **SCHOOLS BLOCK**

5.1 The Schools Block allocation comprises of 3 elements, core NFF funding, premises and growth funding. The allocation which funds both maintained schools and academies, has increased by £11.455m as shown in the table below:

| | 21/22 | 22/23 | Movement |
|-----------------|---------|---------|----------|
| | £m | £m | £m |
| Core NFF | 319.785 | 332.095 | 12.310 |
| Premises factor | 4.865 | 3.971 | -0.894 |
| Growth Fund | 1.621 | 1.660 | 0.039 |
| Total | 326.270 | 337.725 | 11.455 |

5.2 The core NFF element is calculated by applying the NFF at school level using the October 2020 pupil data which is then aggregated to arrive at a primary and secondary unit of funding. The units of funding were published in July 2021 and are multiplied by the October 2021 pupil numbers to form the core NFF funding at Local Authority level in 2022/23. The core NFF element has increased by £12.310m, of which £10.988m relates to inflationary increases and changes to pupil characteristics in the NFF factors and £1.323m reflects a net increase in pupil numbers between October 2020 and October 2021. The NFF allows for:

- an increase in the minimum per pupil funding level from £4,180 to £4,265 for primary schools, and from £5,415 to £5,525 for secondary schools;
- the maximum value for the sparsity factor, which supports small and rural schools, has increased from £45,000 to £55,000 for primary schools, and from £70,000 to £80,000 for secondary schools;
- increases across all other formula factors averaging 3%;
- a +2% minimum per pupil funding increase compared to 2021/22 baselines.

5.3 Overall, in Cumbria pupil numbers have increased by 200 with a reduction in primary pupil numbers of 205 offset by an increase in secondary pupils of 405.

5.4 The premises funding is lagged and based on actual 2021/22 premises costs which includes National Non-Domestic Rates (NNDR) and exceptional premises costs and accounts for a reduction of £0.894m mainly relating to St John Henry Newman Catholic School for costs associated with the school's temporary site following flooding in 2015. From 2022/23 onwards, in a change from previous years, the NNDR will be paid by the ESFA direct on behalf of all maintained and academy schools and therefore, this element of the premises funding is notional will be recouped from local authorities.

5.5 The growth fund is calculated by observed differences between primary and secondary pupil numbers on roll between October 2020 and October 2021 school censuses in each middle layer super output area (MSOA) multiplied by the primary or secondary unit of funding. The net increase in the pupil

numbers has resulted in an increase in growth funding of £0.039m. The growth fund is not ring-fenced and can be used to support the school funding formula.

Schools Block Budget

5.6 The school budget shares for 2022/23 have been calculated using the NFF and a total of £336.259m is required to be allocated to schools with a balance of £1.467m remaining. This has arisen due to the methodology that the ESFA use to calculate the NFF core funding at local authority level as explained in para 4.6.

5.7 There are restrictions on the use of Schools Block funding, however, local authorities are permitted to retain a growth fund to support growth in pre-16 pupil numbers to meet basic need with the agreement of Schools Forum. In 2021/22 a budget of £0.200m was approved by Schools Forum of which £0.196m has been allocated. Details of the Growth Fund allocations for 2021/22 are presented at Appendix 1. For 2022/23 it is anticipated that the growth fund budget will need to increase in order to fund ongoing and new growth in schools that are admitting pupils over PAN at the LA's request to meet basic need. New potential requests include Levens CE Primary due to new housing developments in the catchment area, Workington Academy due to the high number of first preference applications from within their catchment which are currently 52 over PAN and Ullswater Community College due to the high number of applications from catchment area which will be finalised once Queen Elizabeth Grammar school have allocated their places. Therefore, Schools Forum approval is sought to increase the growth fund budget from £0.200m to £0.400m in 2022/23. As in previous years, any under or overspend against the Growth Fund will transfer to the DSG reserves or can be carried forward to support the Growth Fund in future years. It is not proposed to make any changes to the criteria for allocating the fund in 2022/23 which was agreed by Schools Forum on 17 January 2020.

5.8 Schools Forum are recommended to approve the Growth Fund budget at £0.400m which will leave a residual balance of £1.067m equating to 0.32% of the Schools Block to transfer to the HN Block. If the growth fund is retained at £0.200m then the transfer to HN Block would increase by that amount.

5.9 Therefore, the Schools Forum is asked to either:

Option A

- Approve a growth fund budget to £0.400m, or;

Option B

- Retain the growth fund budget at £0.200m.

5.10 It should be noted that the school allocations calculated in the Authority Proforma Tool (APT) are due to be submitted to the ESFA by 21 January 2022 and will be subject to validation and approval by the ESFA before final school budget shares can be confirmed.

De-Delegation

- 5.11 As required by the DfE regulations, the total to be delegated to schools of £336.259m includes those budgets that the maintained school representatives on the Schools Forum agreed to be de-delegated to the Local Authority for 2022/23. Therefore, £2.564m of the total budget of £336.259m will be held centrally by the Local Authority to deliver the de-delegated services on behalf of maintained schools. It should be noted that the de-delegation does not apply to academies.
- 5.12 The services that the de-delegated budgets apply to also impact maintained special schools and nursery schools and therefore an element is centrally retained in both the Early Years and HN Blocks for these services, although there is no de-delegation process for these two areas.
- 5.13 The table below presents the breakdown of the de-delegated budgets for 2022/23 by the three blocks, and provides a comparison to 2021/22:

| | Schools Block | High Needs Block | Early Years Block | Total 2022/23 | Total 2021/22 | Variance |
|------------------|----------------------|-------------------------|--------------------------|----------------------|----------------------|-----------------|
| | £m | £m | £m | £m | £m | £m |
| Contingencies | 0.610 | 0.012 | 0.043 | 0.666 | 0.666 | 0.000 |
| Insurance | 0.613 | 0.012 | 0.043 | 0.668 | 0.671 | (0.003) |
| Staff Costs | 0.906 | 0.018 | 0.064 | 0.987 | 0.987 | 0.000 |
| Library Services | 0.435 | 0.008 | 0.031 | 0.474 | 0.474 | 0.000 |
| Total | 2.564 | 0.050 | 0.181 | 2.795 | 2.798 | (0.003) |

- 5.14 It should be noted that at the time of writing this paper the DfE have not published the outcome of their consultation on reforming how LA school improvement functions are funded. The consultation proposed the removal of the LA level School Improvement Monitoring & Brokering grant replacing it by de-delegation on a phased basis reducing the grant by 50% in 2022/23 and removing it entirely by 2023/24. Therefore, dependent on the outcome of the consultation, there maybe a requirement for Schools Forum to consider de-delegation options for School Improvement services at a later date.
- 5.15 The deadline set by DfE for maintained schools to be notified of their budget by the Local Authority is 28 February 2022. Academies will be informed of their budgets by the Education Funding Agency by 31 March 2022.

6.0 HIGH NEEDS BLOCK

- 6.1 The HN Block allocation is £60.794m which includes £2.230m of additional DSG high needs funding subject to the same DSG conditions of grant. The HN block allocation, before deduction for directly funded places by the ESFA, has increased by £6.803m as explained in the table below:

| | | |
|---|--------|--------|
| | £m | £m |
| 2021/22 allocation as at November 2021 | | 53.961 |
| Age 2 to 18 population per head increase | 4.239 | |
| Hospital Education factor increase | 0.076 | |
| Increase in Special School and NMSS pupil numbers | 0.545 | |
| Reduction in additional funding for special academies | -0.287 | |
| Additional HN Funding | 2.230 | |
| | | 6.803 |
| 2022/23 allocation | | 60.764 |

6.2 The age 2 to 18 population per head increase represents an increase of £4.239m (8.51%) compared to 2021/22. The increase relating to special school and Non-Maintained School Schools (NMSS) reflects an overall increase in pupil numbers of 117 between the 2020 and 2021 census dates. The HN Block allocation is provisional and is subject to later adjustments including ESFA direct funded places in academies and further education colleges.

6.3 As at Q2, the projected in-year pressure on the HN budget was £5.971m resulting in a projected cumulative deficit on the HN Block as at 31 March 2022 of £20.521m. The review of the special school funding formula, discussed elsewhere on this agenda and presented to Cabinet on 27 January 2021, proposes the introduction of a further 3 banding levels which will increase the number of levels from 3 to 6 in recognition of the increased complexity of pupils needs and is estimated to cost an additional £2.369m pa. The increase to the HN Block funding together with the proposed transfer of £1.067m from the Schools Block will help to mitigate this increased cost but the impact of increasing numbers of children with EHCPs will mean the pressure on the HN Block remains. As part of monitoring the HN Block, the Corporate Management Team received a report about the high needs pressure with a recommendation that a High Needs Board is set up. A presentation on the High Needs pressures will also be given at the 17 March 2022 Cabinet meeting.

6.4 There will be further adjustments for direct funding for academy and further education high needs places to reflect commissioned places for the academic year 2022/23 later in the 2022/23 financial year.

7.0 **CENTRAL SCHOOLS SERVICES BLOCK**

7.1 The Central Schools Services Block (CSSB) allocation is £3.804m and comprises of 2 elements; historic commitments and ongoing commitments. The funding has reduced by £0.380m as shown in the table below:

| | Ongoing Responsibilities | Historic Commitments | Total |
|---------|-----------------------------|-------------------------|--------|
| | £m | £m | £m |
| 2021/22 | 2.181 | 2.002 | 4.184 |
| 2022/23 | 2.202 | 1.602 | 3.804 |
| | 0.021 | -0.400 | -0.380 |

| | | | |
|----------------------------------|--------------|--------------|----------------|
| Total Ongoing Commitments | 2.086 | 2.065 | 0.021 |
| Grand Total | 3.804 | 4.184 | (0.380) |

- 7.5 As in previous years, the reduction in the historic commitments funding has resulted in a reduced budget for school capital maintenance, the shortfall of which will be funded by other capital financing. The annual charge for copyright licences, which is set by the ESFA and re-charged to local authorities, has increased by £0.020m but this has partially been offset by a proposed reduction in the Schools Forum budget relating to forum members travel claims which has historically underspent.
- 7.6 A further review of services funded by the CSSB including the financial values for responsibilities for school capital repairs and maintenance costs in maintained schools will need to be undertaken during 2022/23 ahead of the Local Government Reorganisation as it is expected that the CSBB funding will be reduced by a further £0.320m in 2023/24.
- 7.7 The Schools Forum is asked to note the reduction to historic commitments funding and approve the CSSB Block budget for 2022/23.

8.0 EARLY YEAR BLOCK

- 8.1 The Early Years (EY) Block allocation is £27.771m, representing a reduction of £0.682m as shown in the table below:

| | £m | £m |
|---|--------|---------------|
| 2020-21 allocation as at November 2021 | | 28.453 |
| Increase in 3-4 year old hourly rate £0.17 | 0.890 | |
| Reduction in number of 3-4 year olds | -1.116 | |
| Increase in 2 year old hourly rate £0.21 | 0.108 | |
| Reduction in number of 2 year olds | -0.457 | |
| Increase in EY pupil premium £0.07 | 0.029 | |
| Increase in Disability Access Fund £185 per pupil | 0.031 | |
| Reduction MNS supplementary funding | -0.167 | |
| | | <u>-0.682</u> |
| Provisional 2022/23 allocation | | 27.771 |

The increase in the hourly rates as shown above have been offset by a reduction in the number of hours of funded provision which has been based on actual take-up of provision as recorded in the January 2021 census. In 2022/23 the DfE are returning to the usual funding system of using 5/12ths January 2022 and 7/12ths January 2023 census data. In 2021/22, due to COVID19, the final funding allocation will be based on 4/12ths May 2021, 5/12ths October 2021 and 3/12ths January 2022 census data.

- 8.2 The initial Maintained Nursery School (MNS) supplementary funding is 0.425m a reduction of £0.167m compared to 2021/22. The hourly rate for the supplementary funding has increased from £2.92 to £3.02 and this has been multiplied by the number of MNS part-time equivalent 3 and 4 year-olds as at January 2021 taking up the universal 15 hours multiplied by 38 weeks. The reduction in MNS supplementary funding is partly due to the

closure of Bram Longstaffe Nursery in August 2020 due to the lag in the funding system.

- 8.3 There will be further adjustments to the EY Block funding in July 2022 and July 2023 to reflect the actual take up of 2, 3 and 4 year old provision free entitlement. These adjustments are based on January 2022 and January 2023 census data. Therefore, the overall reduction in the Early Years Block funding of £0.682m is not expected to have an impact on provision.

EY Block Budget

- 8.4 The table below shows how the EY Block budget is comprised:

| | 2022/23 | 2021/22 | Increase/ (Decrease) |
|--|---------------|---------------|-------------------------|
| | £m | £m | £m |
| Delegated to providers through the Early Years National Funding Formula (2, 3 and 4 year olds including the increase to 30 hours free entitlement for eligible 3 and 4 year olds from September 2017) This also include the Early Years Pupil Premium, Disability Access Fund and Maintained Nursery Schools supplementary funding. | 27.009 | 27.696 | (0.687) |
| Centrally Retained Early Years Budgets: | | | |
| Contribution to Early Years Team | 0.222 | 0.215 | 0.007 |
| Early Years Sustainability Grant | 0.100 | 0.100 | 0.000 |
| Early Years Inclusion Fund | 0.260 | 0.260 | 0.000 |
| Total Centrally Retained Early Years Budgets: | 0.582 | 0.575 | 0.007 |
| Early Years Elements of the De-delegated Budgets: | | | |
| Contingencies | 0.043 | 0.043 | 0.000 |
| Insurance | 0.043 | 0.044 | (0.001) |
| Staff Costs | 0.064 | 0.064 | (0.001) |
| Library and Museum Services | 0.031 | 0.031 | 0.000 |
| Total Early Years Elements of the De-delegated Budgets: | 0.181 | 0.183 | (0.002) |
| Grand Total | 27.771 | 28.453 | (0.682) |

- 8.5 The funding delegated to providers includes the basic hourly rate for 2, 3 and 4 year-olds free entitlement. As the local authority has received an increase in the base rate of £0.21 for 2 year olds and £0.17 for 3 to 4 year-olds it is proposed that the full increase is passed onto providers increasing the current rates from £5.36 to £5.57 for 2 year olds and from £4.14 to £4.31 for 3-4 year olds from 1 April 2022.

- 8.6 In line with the Schools Forum regulations, the Schools Forum must approve the centrally retained early years expenditure budget of £0.582m detailed above. These comprise funding of staff directly involved in administering the early years single funding formula for 2, 3 and 4 year-olds and the early

years pupil premium (£0.222m), the Sustainability Grant for PVI providers (£0.100m) and the Inclusion Fund for early years providers (£0.260m).

9.0 OPTIONS

9.1 Schools Forum can:

- Note the Dedicated Schools Grant budget for 2022/23;
- Note the proposed allocation of the Schools Block and the transfer to High Needs Block;
- Note the reduction against the Central School Services Budget;
- Note the proposed increases in the basic hourly rates for 2, 3 and 4 year-olds;

and

- Approve the Growth Fund budget of £0.400m (option A at para 5.9 above)

Or

- Not approve the Growth Fund budget of £0.400m and retain it at £0.200m (option B at para 5.9 above)
- Approve the centrally retained Early Years expenditure budget of £0.582m;
- Approve the Central Schools Services Block budget of £3.804m.

10.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

10.1 Resource and value for money implications have been considered throughout this report.

11.0 CONCLUSION

11.1 This paper informs the Schools Forum of the 2022/23 Dedicated Schools Grant allocation for Cumbria.

11.2 The Schools Forum is asked to note the information presented in this report and to decide on the options presented at section 9 of this report.

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11 January 2022

Accompanying Documents:

Appendix 1 – Growth Fund Budget Allocations 2021/22

REPORT AUTHOR

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