

Schools Management Forum

Report of: Dianne Nielsen

Subject: 2022/23 Dedicated Schools Grant - National Funding Formulae

Date: 13th October 2021

1.0.0 Purpose of the report

1.1.1 The purpose of this report is to provide an update to the forum regarding 2022-23 Dedicated Schools Grant, National Funding Formulae (NFF).

2.0.0 Summary

2.1.1 The Education & Skills Funding Agency (ESFA) announced the following indicative allocations:-

- Schools Block £120.3m (excluding premises and growth funding) increase of £3.187m
- High Needs £32.5m increase of £2.961m
- Central Schools Services Block £1.039m reduction of £23.6k (of which the historic element has reduced by £47.6k)

2.1.2 The above indicative allocations will be updated in December using the October census. This could result in an increase or reduction in funding on what has been presented in this paper.

2.1.3 Please refer to 4.1.2- 4.1.5 for changes made since 2021-22 and rates that will be applied to the schools NFF.

2.1.4 There will be pressure on the CSSB year on year as funding for the historic element is expected to be reduce by 20% each year.

2.1.5 When the hard NFF is in place, the historic element of the CSSB will be reduced to nil, giving an overall pressure of £297.6k. No final date has been given for when the hard NFF will be adopted.

2.1.6 Please refer to point 6.1.9 to 6.2.1 in relation the DSG Management Plan.

3.0.0 Background

- 3.1.1 ESFA announced indicative Dedicated Schools Grant (DSG) funding allocation for the schools, central schools and high needs block, along with the “Schools Revenue Funding 2021 to 2022 operation guide”, July 21.
- 3.1.2 The early years block forms part of the DSG but is determined by a separate national formula. Allocations are to be published in December 2021.
- 3.1.3 The paragraphs below highlight the key items for 2022-23. The full document can be accessed on the ESFA website at [Pre-16 schools funding: local authority guidance for 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100212/Pre-16_schools_funding_local_authority_guidance_for_2022_to_2023_-_GOV.UK.pdf)
- 3.1.4 Final DSG allocations will be received in December 2021, based upon the National Funding Formula (NFF) and the October 2021 school census.

4.0.0 Schools Block National Funding Formula

- 4.1.1 As in previous year the schools block of the DSG will providing funding for both school budget shares and the growth fund.
- 4.1.2 The ESFA have confirmed the following key elements for the schools National Funding Formula (NFF) in 2022-2023:-
 - The National Funding Formula (NFF) funding units will be updated for the 2022/23 values (see table below).
 - NFF factor values have increased by:
 - £10,000 to the maximum sparsity values
 - 3% to basic entitlement, free school meals at any time the last 6 years (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum
 - 2% to the floor, the minimum per pupil levels and free school meals (FSM)
 - 0% on the premises factors, except for PFI which has increased by RPIX.
 - School sparsity distances are now based on road distances, instead of straight-line distances, and a sparsity distance taper has been introduced, in addition to the existing year group size taper.
 - Data on pupils who have been eligible for FSM6 is now taken from the October 2020 school census instead of January 2020 census, to bring it in line with arrangement for other NFF factors as well as pupil premium.
 - In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy for the 2020 tests, following cancellation of assessment due to coronavirus (COVID-19).
 - Pupils who joined a school between January 2020 and May 2020 attract funding for mobility based on their entry date, rather than

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May school census due to the May 2020 census not taking place due to coronavirus (COVID-19).

- School business rates will be paid by ESFA to billing authorities directly for all state funded schools from 2022-2023 onwards. Please see separate report on school business rates.

4.1.3 The following requirements have been removed from the appendix 3 as they no longer need schools forum approval, following the consultation on changing the DSG:

- Any deficit from the previous year's funding period that is being brought forward and is to be funded from the new financial year's schools budget
- Any brought forward deficit on de-delegated services, which is to be met by the overall schools budget.

4.1.4 Teachers' Pay and Teachers Pension Employers Contributions grant are now fully rolled in to the NFF.

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4.1.5 The following table below summarises the NFF unit rates for 2022-2023:

Factor	NFF 21/22 £	NFF 22/23 £	Change £
PRIMARY			
AWPU - Primary	3,123.00	3,217.00	94.00
Minimum per pupil	4,180.00	4,265.00	85.00
FSM	460.00	470.00	10.00
FMS6	575.00	590.00	15.00
IDAC A	620.00	640.00	20.00
IDAC B	475.00	490.00	15.00
IDAC C	445.00	460.00	15.00
IDAC D	410.00	420.00	10.00
IDAC E	260.00	270.00	10.00
IDAC F	215.00	220.00	5.00
EAL	550.00	565.00	15.00
Mobility	900.00	925.00	25.00
Prior Attainment	1,095.00	1,130.00	35.00
Lump Sum	117,800.00	121,300.00	3,500.00
Sparsity	45,000.00	55,000.00	10,000.00
SECONDARY			
AWPU – KS3	4,404.00	4,536.00	132.00
AWPU – KS4	4,963.00	5,112.00	149.00
Minimum per pupil	5,415.00	5,525.00	110.00
FSM	460.00	470.00	10.00
FSM6	840.00	865.00	25.00
IDAC A	865.00	890.00	25.00
IDAC B	680.00	700.00	20.00
IDAC C	630.00	650.00	20.00
IDAC D	580.00	595.00	15.00
IDAC E	415.00	425.00	10.00
IDAC F	310.00	320.00	10.00
EAL	1,485.00	1,530.00	45.00
Mobility	1,290.00	1,330.00	40.00
Prior Attainment	1,660.00	1,710.00	50.00
Lump Sum	117,800.00	121,300.00	3,500.00
Sparsity – Secondary	70,000.00	80,000.00	10,000.00

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4.1.6 School Budget Shares 2022-2023:-

- Can set a minimum funding guarantee (MFG) in local formulae between +0.5% and +2% per pupil,
- Local authorities can continue to be able to transfer up to 0.5% of the schools block to other blocks of the DSG, with schools forum approval. This will now include the additional funding local authorities have been allocated for TPG and TPECG.
- A disapplication is required to the Secretary of State for transfers above 0.5% or any amount without schools forum approval.
- Local Authorities are required to consult with all maintained and academy schools as well as their School Forum on any proposed changes to the local formula. Any changes will need to show the effect by school.
- Where a Local Authority is in deficit, the ESFA will work closely with these LAs to agree a plan of action to enable the LA to pay off its deficit over time. The ESFA will require strong evidence where this isn't practicable to do so from future years funding. Middlesbrough Borough Council have been approached by the ESFA and are currently in discussions and working with the department.
- The formula is set by the Local Authority, which is to be submitted to the ESFA by 21st January 2022.

4.1.7 The Local Authority funding formula factors for 2021 to 2022 are:-

- Basic Entitlement (AWPU) – compulsory
- Deprivation – compulsory
- Minimum per pupil funding – compulsory
- Prior Attainment - optional
- Looked after children (LAC) – optional
- English as an additional language (EAL) – optional
- Pupil mobility – optional
- Sparsity – optional
- Lump sum – optional
- Split sites – optional
- Rates – optional
- PFI – optional
- Exceptional circumstances (with ESFA agreement) – optional

4.1.8 Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors.

4.1.9 The funding formula will continue to be set using school dataset blocks from the October census provided by the ESFA.

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- 4.2.0 Most of the factors continue to use the same criteria in 2022/23 as in 2021/20. The only changes are detailed as follows all other elements remain the same:-
- Minimum per pupil funding (MPPL) value have increased to £4,265 for primary and £5,525 for secondary. Factors not included in MPPL calculation are premises and growth funding.
 - Low Prior Attainment – in 2022 to 2023 the department has carried forward the weightings it used in 2022 to 2023 for year 7 to year 10 cohorts, so they will apply to the year 8 to year 11 cohorts. Due to cancellation or incompleteness of assessments in summer 2020 and summer 2021 due to COVID19. 2019 assessment data will be used and reflected in the APT. As in previous years, the secondary LPA unit values will be able to be adjusted.
 - Looked After Children (LAC) – is optional but the DfE does not use a LAC factor in the NFF.
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- 4.2.1 There is still an option with the formula to cap and scale back gains to ensure that the overall formula is affordable.
- 4.2.2 The ESFA use the updated NFF rates for 2022-23 to recalculate the 2021-22 schools block allocation, using the 2021-22 number of pupils in each factor. These overall allocations are divided by the number of primary and secondary pupils to give a primary and secondary unit of funding per pupil (known as SUFs and PUFs). These units of funding are then used to calculate the actual schools block allocation that will be received in 2022-23.
- 4.2.3 The indicative allocation received in July show that Schools Block will increase by £3,187m, excluding growth and premises.
- 4.2.4 The indicative allocation will be updated with the October 21 census when the APT is received in December.
- 4.2.5 Growth fund is part of the schools block but is calculated separately. It will be calculated using the same methodology as in 2021-22 based on growth in pupil numbers between October 20 and October 21 census. As per last year I will consult with you at the next meeting on what the total growth fund should be.
- 4.2.6 I propose to use the same factors as agreed by SMF for the 2021-22 formula and apply the 2022-23 NFF rates, subject to affordability.

5.0.0 Central Schools Services Block

- 5.1.0 The Central School Services Block (CSSB) covers funding allocated to Local Authorities (LAs) to carry out central functions on behalf of pupils in maintained schools and academies. CSSB funding is split into two elements: funding for ongoing responsibilities and funding for historic commitments. The total CSSB funding is made up of these two elements.
- 5.1.1 The LAs ongoing responsibilities is allocated to LA's using a pupil-led formula. The formula uses 2 factors, a basic per-pupil factor (majority of funding is derived) and a deprivation per-pupil factor.
- 5.1.2 In the indicative allocation the 2021-22 pupil count has been used. This will be updated once the October 21 pupil census is available.
- 5.1.3 As advised in 2021-22 the historic commitments funding has been reduced by 20%, compared to 2021-22. The ESFA will provide further details in due course regarding any further reduction in future years. DfE is not changing the requirement in regulations that LAs spend no more on these commitments than they did in the previous year. With approval of schools forum, an LA can maintain spending in this area using other funding sources.
- 5.1.4 The indicative allocation for 2022-23 is:-

CSSB	Per-pupil rate	DSG Schools Block pupil count *	£
Ongoing responsibilities	£39.12	21,702	849,065
Historic commitments			190,464 **
TOTAL			1,039,529

* Schools block pupil count to be updated with October 20 census

** Historic commitments allocation reduced by 20%.

- 5.1.5 Based on 2022-23 indicative allocation this has resulted in an anticipated pressure of £85.7k in 2022-23 due to historic commitments. Even though the per-pupil rate has increased, funding could reduce further if pupil numbers are reduced in the October 21 census.

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5.1.6 Until the October census is finalised, it is not known if all elements previously funded through this resource can continue. A report will be brought to the January meeting.

6.0.0 DSG High Needs Block

6.1.0 The DSG High Needs guidance was received in August.

6.1.1 The high needs block is calculated for each Local Authority area based on a formula. The funding floor for 2022-23 allows each LA to receive an underlying increase of at least 8% per head of 2 to 18 population. The limit on gains is set at 11%.

6.1.2 The hospital education factor will be uplifted in with the 8% funding floor factor. They are subject to later updates and are based on 2021-22 to inform a provisional 2022-23 allocation.

6.1.3 DSG provisional allocations were published in July 2021 and DSG allocations will be published in December 2021. The basic structure of the high needs NFF for 2022 to 2023 is not changing, there have been some technical changes made following the responses to a consultation in early 2021.

- Historic spend factor has been updated for 22-23, to use 50% of local authorities actual spend in 2017 to 2018 rather than planned spend. The proportion of funding will reduce from 34% of 2021-2022 formula allocations to 32% in 22-23.
- Due to COVID19 pandemic there is no appropriate 2020 attainment data for 2 low attainment factors; therefore 2019 data has been used in place of 2020 data for 2022-2023 high needs allocations.

6.1.4 Teachers' pay grant (TPG) and teachers' pension employer contribution grant (TPECG) has been incorporated within the high needs NFF.

6.1.5 For alternative provision (AP) the TPG and TPECG has been allocated through an additional factor as the basic entitlement factor does not include funding for AP settings.

6.1.6 It is expected that LAs pass on this funding to special schools, special academies, pupil referral units, AP academies and hospital schools. This element of the funding will not be recouped for payment by the ESFA to academies.

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6.1.7 The indicative DSG high needs allocation for 2022-23 is £32,518m before recoupment. This is an increase of £2,961m on 2021-22 (as per December 2020 published allocation).

6.1.8 The DSG High Needs block allocations will be published in December 21.

6.1.9 Starting in 2020-2021, DfE extended the rules under the DSG conditions of the grant, any local authority (LA) with an overall deficit on its DSG Account at the end of the 2020 to 2021 financial year, or whose DSG surplus has substantially reduced during the year, must cooperate with the department in handling the situation by:

- Providing information as and when requested in relation to the DSG Management Plan
- Provide information to the department about pressures and potential savings on high needs budget
- Meet with officials of the department as and when requested to discuss the LA's plans and financial situation
- Keep schools forum updated regularly about the DSG management plan

6.2.0 The DfE recognises that the deficit may not be able to be recovered over a few years. Therefore the DfE will work with the LA to agree a plan of action to enable the deficit to be recovered over a timely period. The DfE have created a template to assist LAs with this task.

6.2.1 The DfE expect that LAs management plan will focus on how they will bring spending in-year, in line within resources allocated for the year.

6.2.2 The DfE made changes at the end of 2019-20 to the School and Early Years regulations, this change no longer allows deficits to be offset against their own general fund without the approval of the Secretary of State.

7.0.0 DSG Early Years

7.1.0 As advised in paragraph 2.1.2, the DSG Early Years block is determined by a separate national formula. At the time of writing this report the guidance on the early years block had not been released. Provisional allocations are to be published in December 2021.

8.0.0 Recommendations

8.1.0 That the Schools Management Forum notes the changes to the DSG Schools Block, DSG High Needs Block and DSG Central Schools Services Block.