



# Report to Schools Forum

**Date:** 7<sup>th</sup> December 2021

**Title:** School Budget Proposals 2022-23

**Author:** Liz Williams, Head of Finance – Children's Services

## **Recommendations:**

**Schools Forum is asked to:**

- a. **Note the information set out in the report, including the accompanying appendices, showing indicative allocations for 2022-23. (Note that modelling is based on October 2020 census data. Final DSG allocations are due in December 2021 and will be updated for October 2021 census data.)**
- b. **To note the indicative funding allocations for the Central Schools Services Block and the High Needs Block for 2022-23.**

## **1. Purpose of Report**

- 1.1. The purpose of this report is to update Schools Forum on the indicative funding allocation for 2022-23 and the modelling of the local funding formula for 2022-23.
- 1.2. Work continues on the development of the DSG Management Plan template and this will inform the future model for demand against high needs budget to be considered by Schools Forum in January 2022.

## **2. Background**

- 2.1. In October Schools Forum considered the updated Schools Revenue Funding 2022 to 2023 Operational Guide issued by the DfE and agreed the principles for the local funding formula in 2022-23 as follows:
  - a) Adopt the National Funding Formula factors.
  - b) Adopt the Minimum Per Pupil funding levels at the values defined in the NFF and prorate (scale) of all other factors in the formula to match the available allocation of funding from the DfE.

- c) Set a Minimum Funding Guarantee (MFG) at +0.5%.
- d) Use capping of gains per pupil to pay for the cost of protecting schools where the formula reduces their budget by more than the MFG of 0.5%.

2.2. It was further agreed not to consult with schools on any change to the MFG or on any proposals to move funding between DSG blocks.

### 3. Indicative DSG Allocation 2022-23

3.1. The provisional DSG allocation for the Schools Block, High Needs Block and Central Schools Services Block is as follows:

<b>DSG Block</b>	<b>Provisional Allocation 2022-23</b>	<b>2021-22 Allocation</b>	<b>Increase/(Decrease)</b>	<b>% Change</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Schools Block	382.077	374.863	7.214	2%
High Needs Block	107.258	99.115	8.143	8%
Central Schools Services Block	5.277	5.908	(0.631)	-11%
<b>Total</b>	<b>494.612</b>	<b>479.886</b>	<b>14.726</b>	<b>3%</b>

3.2. The provisional allocation is based on the October 2020 census and will be updated for the October 2021 census in December. All modelling of school budgets is therefore based on October 2020 census data at this time.

3.3. The allocation for the schools block 2022-23 excludes the allocation for growth funding, a calculator is provided to local authorities to enable the potential growth funding to be estimated.

### 4. Schools Block – Modelling of the 2022-23 Formula

4.1. Using the indicative allocations as noted above, the local funding formula has been modelled using the agreed principles and applying a Minimum Funding Guarantee of 0.5%. Based on the October 2020 census data, the proposed model is affordable within the Schools Block allocation without needing to cap any gains.

4.2. Appendices 1 to 3 show the impact of the proposed model on funding rates, funding levels and school by school allocations. The impact is summarised below:

Illustrative Funding Levels Funding Factors	2021/22 Final Rates	2022/23 Indicative Funding Model
Scaling factor (% of NFF)	100.00%	100.00%
	£m	£m
Total through funding formula	373.88	384.01
Growth Fund	2.11	2.04
<b>Total cost to schools block</b>	<b>375.99</b>	<b>386.05</b>
<b>Met from :</b>		
Pupil Led Funding	368.07	378.34
Premises Funding	4.33	3.73
Growth Funding	2.46	2.29
<b>Transfer from Growth Reserves</b>	<b>1.13</b>	<b>1.68</b>
<b>Total Funding Available</b>	<b>375.99</b>	<b>386.05</b>
No. of Schools Protected	20	6
No. of Schools Capped	0	0
	£	£
Cost of MFG Protection	224,453	93,106

## 5. Growth Fund

5.1. Appendix 4 shows the estimated use of growth funding in 2022-23 based on the current agreed criteria. The summary for the current year indicates that there will be an underspend against the allocation in the current year however costs in 2023-24 are projected to be higher than the grant and therefore the underspend will need to be rolled forward as an earmarked reserve to support the growth fund requirements in 2023-24 as per the DfE requirements outlined below.

5.2. The schools revenue funding guidance from the Department for Education (DfE) states that *“local authorities should report any unspent growth funding remaining at the year-end to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.”*

## 6. Central Schools 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
- historic commitments

- 6.2. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 6.45%.
- 6.3. The indicative reduction in the CSSB for 2022-23 is £631k. Savings proposals are being developed to reduce expenditure in line with the reduction in funding and will be presented to Schools Forum at the January meeting, in line with the Council's Medium Term Financial Plan process.

## 7. High Needs Block

- 7.1. The provisional allocation for the High Needs Block in 2022-23 is £107.3m, an increase of £8.1m (8%) compared to the current year.
- 7.2. As part of the work on the DSG Management Plan template modelling work is taking place to project the numbers of children and types of need requiring support over the next few years. This modelling will enable the commitments against the high needs budget to be better understood for budget setting purposes. Potential calls on this funding will include the demand for placements in other local authority schools and supporting the transition to the new top up funding model, initially for special schools.
- 7.3. Detailed modelling on the high needs block, to include updated forecasts for this year and projected demand in future years, will be brought to the January meeting. This will also take into account recommendations from the DSG Spending Review Group on the prioritisation of funding to support the DSG Management Plan.

## 8. Early Years Block

- 8.1. The National Funding Formula (NFF) rates for the Early Years Block for 2022-23 have now been announced. NFF rates for two year olds will increase by 21p per hour compared with the current year and NFF rates for the 3 and 4 year old free entitlement will increase by 17p per hour. Proposals on the implications for the Buckinghamshire Early Years Single Funding Formula will be considered by the Early Years Forum and brought back to the January Schools Forum meeting.

