



Report to Schools Forum

Date: 18th January 2022

Title: School Budget Proposals 2022-23

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

1. Purpose of Report

- 1.1. The report sets out latest information on the 4 blocks of the Dedicated Schools Grant (DSG) based on the October 2021 census and other up to date information as published by the Department of Education (DfE) on the 16th December 2021. The report sets out the implications of the allocations and budget proposals for each block. Recommendations for each block are included in the relevant section of the report.

2. DSG Allocation 2022-23

Recommendation

- a) To recommend that Buckinghamshire Council sets the overall Dedicated Schools Budget at £532.816m in line with the funding allocation announced on 16th December 2021.
- b) To recommend that the supplementary grants announced by the Department for Education (DfE) are allocated to the Schools Budget in accordance with the conditions of grant (final allocations to be confirmed in spring 2022).

- 2.1. Table 1 gives the latest allocations with a total of £532.816m before recoupment for DSG in 2022-23, and updates previous information reported to Schools Forum. Buckinghamshire will receive an increase of £5.197m compared with the indicative 2022-23 settlement which is an increase of £19.923m on the comparative 2021-22 total DSG.

Table 1: 2022-23 DSG Allocation - Comparison with Indicative Settlement and Previous Year					
	Schools Block £'000	Central Schools Services Block £'000	High Needs Block £'000	Early Years Block £'000	Total DSG £'000
DSG Allocation 2022-23 (Dec 2021)	387,291	5,295	107,716	32,514	532,816
Indicative Allocation (October 2021)	382,077	5,277	107,258	33,007	527,619
Change	5,214	18	457	(492)	5,197
<i>For info:</i>					
2021-22 Settlement	374,863	5,908	99,115	33,007	512,893
Change from 2021-22	12,428	(613)	8,600	(492)	19,923

2.2. In the settlement announcement on 16th December the government also announced two supplementary grants:

2.2.1. In addition to the DSG, mainstream schools will receive an additional grant in 2022 to 2023 worth £1.2 billion. For early years (nursery classes and nursery schools) and post-16 provision in schools, the grant is being provided in respect of the Health and Social Care Levy. For primary and secondary provision, the grant is being provided in respect of both the Health and Social Care Levy and other cost pressures. The indicative allocation for Buckinghamshire is £11.1 million

2.2.2. Special schools and other providers funded from the high needs block of the DSG will benefit from an additional £325 million in 2022 to 2023, through a top up to the DSG allocations. The purpose of this grant is to recognise additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated, including the Health and Social Care Levy. The additional funding also takes into account that colleges and other providers offering extra hours of study to students with high needs may require extra high needs top-up funding to support those students. The indicative allocation for Buckinghamshire is £4.1 million.

2.3. Final allocations and conditions of grant will be published in spring 2022.

Section A

Recommendations

- a) To agree the allocation of funding to mainstream schools based on the local funding formula for schools agreed in December 2021, updated for the October 2021 census data.
- b) To confirm the criteria for the Growth Fund in 2022-23.

3. Schools Block

- 3.1. School Block's allocations for Buckinghamshire are now based on the October 2021 census and reflect the national increases to the formula's core factors, as well as the minimum per pupil funding.
- 3.2. Table 2 compares the December 2021 allocation and the indicative allocation that was based on the previous year's census data:

Table 2: Schools Block 2022-23 and movement from indicative settlement					
	Pupil Numbers £'000	Pupil Led Factors £'000	Premises Led Factors £'000	Growth Funding £'000	Total 2022- 23 £'000
DSG Allocation 2022-23 (December 2021)	75,884.50	381,184	3,734	2,373	387,291
Indicative Allocation	75,424.00	378,343	3,734	-	382,077
Change from indicative settlement	460.50	2,841	0	2,373	5,214

- 3.3. The increase of £5.214m is due to:

- Growth Fund: £2.373m, the indicative settlement did not include an estimate of the growth fund
- Change in pupil numbers: £2.841m. Pupil numbers have increased by 460.5 compared with the previous year.

- 3.4. In 2022 to 2023, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. The government has consulted on plans to move to a 'hard' National Funding Formula (NFF) in the future and the outcome of that consultation has still to be published.
- 3.5. The local funding formula model as agreed by Schools Forum in December 2021 has been recalculated using the updated allocations. Table 3 summarises the funding levels for 2022-23 compared with the indicative settlement and with the current year:

Table 3: Summary of Funding Levels 2022-23

Illustrative Funding Levels Funding Factors	2021/22 Final Rates	2022/23 Indicative Funding Model	2022/23 Final funding model
Scaling factor (% of NFF)	100.00%	100.00%	100.00%
	£m	£m	£m
Total through funding formula	373.88	384.01	387.78
Growth Fund	2.11	2.04	1.19
Total cost to schools block	375.99	386.05	388.97
Met from :			
Pupil Led Funding	368.07	378.34	381.18
Premises Funding	4.33	3.73	3.73
Growth Funding	2.46	2.29	2.37
Transfer from Growth Reserves	1.13	1.68	1.68
Total Funding Available	375.99	386.05	388.97

No. of Schools Protected	20	6	6
No. of Schools Capped	0	0	0

	£	£	£
Cost of MFG Protection	224,453	93,106	66,350

- 3.6. In 2022-23 6 schools will attract the minimum funding guarantee and the cost of protection through the MFG has further decreased.
- 3.7. The recalculated model reflects the agreed growth fund methodology. This means schools in receipt of growth fund for agreed pupil numbers will now see this funding in their school level details.
- 3.8. There has been a significant shift in Free School Meal (FSM) data in the October 2021 census compared with the previous year and this has increased the amount of funding allocated via FSM and FSMEver6 factors. Funding allocated to schools through the Sparsity and Mobility factors has also increased in the final budget model.
- 3.9. Appendix 3 gives funding allocation information at school level. For maintained schools the allocations are prior to the deduction for de-delegated services. Final allocations to individual's schools, via the Schools Budget Share template will include this adjustment.
- 3.10. The details, including schools level allocations, are given in the Appendices:
- Appendix 1 - Recalculated Funding Rates
 - Appendix 2 - Recalculated Funding Levels
 - Appendix 3 - Comparison by School

3.11. Schools Forum is asked to continue with the model agreed in December 2021, updated for the latest data and allocations.

4. Additional Considerations

Supplementary Grants

4.1. The budgets calculated for 2022-23 do not include the supplementary grants allocated by the DfE in the funding settlement. Final allocations and conditions of grant have yet to be published and are expected in the spring. The grant will be allocated separately to the school budget share.

Funding for School Improvement Responsibilities

4.2. The DfE issued a consultation on 29th October to seek views on proposals to reform how local authorities' school improvement functions are funded. The consultation included proposals to cease the School Improvement Brokerage and Monitoring grant and to require local authorities to de-delegate funding for their school improvement responsibilities from maintained schools. The proposal is for the grant to be reduced by 50% from April 2022 and to cease from April 2023.

4.3. The consultation closed on 26 November and the government's response has not yet been published therefore it is not yet known whether there will be a requirement to de-delegate funding for these activities in 2022-23. As a result of reduced spend against the Side by Side budget in 2020-21 the Council has an earmarked reserve which will enable any reduction in grant to be met in 2022-23. No proposals for de-delegation are being brought forward for the 2022-23 financial year. Following the publication of the response to the consultation further options will be brought to Schools Forum for the 2023-24 financial year.

5. Growth Fund

5.1. Appendix 4 shows the estimated use of growth funding in 2022-23 based on the criteria agreed in January 2021. The current criteria were reviewed and amended in January 2020 for the 2020-21 financial year to reflect revised DfE guidance and are detailed as follows:

- 1) Growth to meet increases in pupils numbers in existing schools – where it has been agreed with a school to increase a school's PAN on a permanent basis, this is reflected in an adjustment to the pupil numbers via the Local Authority Planning Tool (APT), with funding through all of the per pupil formula factors.
- 2) Where there is a temporary increase in pupil numbers or it is unclear as to exactly where growth is needed, this is dealt with outside of the schools funding formula as a growth fund project.
- 3) Start-up funding for new schools will be at DfE's Growth Factor Lump Sum rate for Primary schools and twice the DfE's Growth Factor Lump Sum rate for Secondary schools.

- 4) Pupil numbers for new schools are included in the APT at 30 pupils per open class for each 'new' year group.
- 5) Diseconomies Funding for new schools is based on a per pupil arrangement, with guaranteed funding of all open year groups at 27 pupils per class.

5.2. Schools Forum is asked to agree the criteria for the growth fund.



Section B

Recommendation

- a) To consider the savings proposals detailed in Appendix 5 to reduce Central Schools Services Block expenditure in line with reductions in funding.
- b) To agree the Central Schools Service Block budgets for 2022-23 as detailed in Appendix 6.

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. Historic commitment funding relates to continuing expenditure by local authorities on commitments entered into before 2013, on activities which since that date have been deemed not to be appropriate for local authorities to fund directly from the DSG. The government's expectation was that the spend on these commitments would reduce over time and as a result funding for historic commitments is being reduced by 20% on the previous year's allocation each year.

6.3. The 2022-23 CSSB allocation is summarised as follows:

Table 4: Central Schools Services Block 2022-23					
Central Schools Services Block	Pupil Numbers	Unit Rate (for ongoing commitments)	Funding for Ongoing Commitments	Funding for Historic Commitments	Total 2022-23 Allocation
		£	£'000	£'000	£'000
2022-23 Allocation (December 2021)	75,884.50	38.38	2,912	2,383	5,295
Indicative 2022-23 Allocation	75,424.00	38.38	2,894	2,383	5,277
Change from indicative allocation	460.50	0.00	18	-	18
Memorandum - comparison with 2021-22					
2021-22 allocation	75,424.00	38.84	2,929	2,979	5,908
Change from 2021-22	460.50	-0.46	(17)	(596)	(613)

6.4. The allocation for 2022-23 is £613k lower than in 2021-22. This is in line with previous predictions and funding is expected to continue to reduce over the next 3 years. Table 5 shows the projected impact of funding changes on CSSB allocations over the next 3 years.

Table 5: Central Schools Services Block (CSSB) : projected DSG Allocations			
	2022-23	2023-24	2024-25
On-going commitments (2.5% reduction in unit rate each year from 2020-21)			
Per pupil Rate assume 2.5% reduction each year	£38.38	£37.42	£36.48
*Pupil numbers -census data	75,884.50	75,884.50	75,884.50
Total On-going commitments	£2,912,447	£2,839,636	£2,768,645
Total Pension Contributions	£0	£0	£0
Total Ongoing Commitments	£2,912,447	£2,839,636	£2,768,645
Reduction in Ongoing Commitment DSG each year	(£17,021)	(£72,811)	(£70,991)
Historic Commitments 20% reduction on 2021-22 figures each year			
	£2,382,848	£1,787,136	£1,191,424
Total CSSB Allocation	£5,295,295	£4,626,772	£3,960,069

6.5. As a result of the estimated reduction in both elements of the CSSB, Table 6 shows the savings that will need to be made across the CSSB over the next 5 years:

Table 6 :CSSB Savings	2022-23 £'000	2023-24 £'000	2024-25 £'000
Total Central Schools Services Projected Spend before savings proposals	5,599	5,628	5,658
Estimated Funding Allocation	(5,295)	(4,627)	(3,960)
CSSB Total savings to be Found:	(304)	(1,001)	(1,698)

6.6. Expenditure on historic commitments is against the following areas:

- Premature retirement costs (PRC) for school staff, £272k – this is a statutory requirement for the local authority to fund
- Contracts for preventative work, £363k
- Contribution to the Achievement and Learning Service, £1.666m – this contribution is the amount previously paid to the Buckinghamshire Learning Trust to deliver School Improvement and Early Years services. Savings of £0.5m have been achieved against this line in previous years following the restructure of the Early Years service.
- Other contributions to the DSG deficit and ongoing central services £677k – £337k of this is a one-off contribution to support the overall DSG deficit and will be taken as a saving in 2022-23

6.7. Savings will be required in order to manage within the reduced funding allocation. The funding gap for 2022-23 is £304k, increasing to £1.698m by 2024-25. Initial savings proposals have been developed to close this gap. Savings proposals have

been developed using the principle of achieving the least amount of disruption or reduction to front line services. Implementation will be in partnership with schools and it is proposed a savings reserve is used in order to manage the profiling of savings across the 3 years.

- 6.8. If these savings are agreed there is still a gap of £199k in 2024-25 and this has been included within the Council's Medium Term Financial Plan for 2022 to 2025 as a growth proposal. Savings proposals are detailed in Appendix 5 to this report
- 6.9. Appendix 6 shows the proposed budget for 2022-23 for the CSSB incorporating the proposed savings.
- 6.10. Schools Forum is asked to agree the proposed savings and the Central Schools Services Block budgets for 2022-23 as outlined in Appendix 6.



Section C

Recommendation

- a) To agree the budget for the High Needs Block in 2022-23 as detailed in Appendix 7.

7. High Needs Block

7.1. The allocation for the High Needs Block in 2022-23 is £107.716m, an increase of £8.6m compared to the current year. There is a further allocation of supplementary grant. The purpose of this grant is to recognise additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated, including the Health and Social Care Levy. The additional funding also takes into account that colleges and other providers offering extra hours of study to students with high needs may require extra high needs top-up funding to support those students. The indicative allocation for Buckinghamshire is £4.1 million.

Table 7: High Needs Block Allocation 2022-23			
	Total Allocation before deductions for Places funded by ESFA £'000	Additonal Grant £'000	Total Funding £'000
High Needs Block allocation 2022-23 (December Allocation)	107,716	4,136	111,852
Indicative allocation	107,258	0	107,258
Change from indicative allocation	457	4,136	4,593
<i>For info:</i>			
2021-22 Allocation	99,115	0	99,115
Change from 2021-22	8,600	4,136	12,736

7.2. An updated version Section C of this report is to follow as a supplementary paper to include budget proposals for 2022-23.

Section D

Recommendation

- a) To agree the Early Years Single Funding Formula (EYSFF) for 2022-23.

8. Early Years Block

8.1. The Department of education (DfE) provides local authorities with six relevant funding streams which together form the Early Years block of the Dedicated Schools Grant (DSG). They are:

- the early years universal entitlement for three and four year olds (15 hours)
- the early years additional entitlement for three and four year old children of eligible working parents (additional 15 hours)
- the early years entitlement for disadvantaged two year olds (15 hours)
- supplementary funding for Maintained Nursery Schools (MNS)
- the Early Years Pupil Premium (EYPP)
- the Disability Access Fund (DAF), £615 per pupil per year

8.2. The Early Years Block for 2022-23 was announced on 16th December 2021 and includes an increase of 17p in the hourly rate for 3 and 4 year olds and an increase of 21p per hour for vulnerable 2 year olds. This is an increase of 4% on the hourly rate.

8.3. The allocation is based on the pupil census for January 2021 and is summarised in table 8 below. The allocation for 2022-23 is lower than in 2021-22 because the numbers of children taking up the free entitlement was lower in the January 2021 census. The Early Years block will be updated for the January 2022 early years census and for the January 2023 early years census.

Early Years Initial Allocations 2022-23	Universal Entitlement for 3 & 4 year olds	Additional 15 hours entitlement 3 & 4 year olds	Funding for 2 year old entitlement	EY Pupil Premium	Disability Access Fund	Supplementary funding allocation for maintained nursery schools	Total Early Years Block
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
December 2021 Allocation	21,725	7,816	2,490	159	130	194	32,514
2021-22 Allocation	22,045	7,610	2,913	135	98	205	33,007
Change	(320)	206	(424)	24	32	(11)	(492)

8.4. Local authorities are required to pass at least 95% of their three and four year old funding from Government to early years providers. This pass-through requirement ensures that the majority of Government funding reaches providers so that they can deliver the free entitlements. Excluded from this calculation (and from Buckinghamshire's local funding formula) is the funding for: the entitlement for disadvantaged two year olds; payments to Maintained Nursery Schools (MNS) from

the MNS supplementary funding allocation; the Disability Access Fund (DAF) and the Early Years Pupil Premium (EYPP).

- 8.5. There is no pass-through requirement for 2 year olds, but Buckinghamshire Council will continue to allocate 5% of the 2 year old funding to central spend to support this service provision, as agreed in the last 3 years.
- 8.6. Local authority compliance with the 95% pass-through requirement is measured with reference to local authorities' planned budgets. The DfE will monitor compliance via the annual s251 budget returns and may consider the future use of s251 outturn data to monitor compliance with the pass-through.
- 8.7. The Early Years Forum will meet on 17th January 2022 to consider the impact of the allocation and proposals for the 2022-23 formula for Early Years providers. There are two proposals for the 3 & 4 year old funding being taken to that meeting:

Option 1 – 16p of the increase goes on the base rate and 1p on the 5% retention.
Option 2 – 15p of the increase goes on the base rate, 1p on the 5% retention and 1p on the inclusion fund and contingency.
- 8.8. In both options the increase for 2 year old funding is allocated in full to the base hourly rate.
- 8.9. The impact on rates within the Early Years Single Funding Formula (EYSFF) of these options are illustrated in Appendix 8 to this report.
- 8.10. The outcome of the discussion at the Early Years Forum will be reported to Schools Forum to enable the final formula to be agreed.

