

Title: **Dedicated Schools Grant (DSG) Settlement 2022-23**

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Summary:	<p>This report provides an update on the 2022-23 DSG Settlement.</p> <p>The report provides the background and context to the required level of funding for the Individual Schools Budget (ISB) element of the Schools Block for 2022-23.</p>
Recommendations:	<ol style="list-style-type: none">1) Schools Forum are asked to give their view on the following for a key decision to be made by Cabinet members:<ul style="list-style-type: none">• Their continued support to fund schools in line with the National Funding Formula (NFF)• The transfer of surpluses from the growth fund to the High Needs Block2) Local Authority members are asked to note the final de-delegation arrangements for 2022-23 and the final contribution rate per pupil for the education management services for 2022-23
Reasons for Recommendations:	<p>Local authorities retain responsibility for setting the overall level of their ISB and for determining schools' budget shares subject to the School and Early Year Finance (England) Regulations 2021.</p> <p>The regulations require approval by the local authority, taking into consideration the view of the Schools Forum.</p>
Links to Priorities and Children and Young Peoples Plan:	<p>Somerset County Council's Business Plan – Improving Lives, providing fairer life chances and opportunity for all.</p> <p>Somerset Children and Young People's Plan – Learn well and develop skills for life.</p>

Financial Implications:	<p>This report covers the DSG Schools Block allocation for 2022-23, which is £351.3m.</p> <p>This is an increase of £12.0m on the 2021-22 allocation, due to demographic growth and DfE funding announcements.</p>
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1. Background

- 1.1** On 16 December 2021 the Department for Education (DfE) published school funding allocations for each local authority in England.
- 1.2** This report provides an update on the DSG settlement for 2022-23 and updates on the funding formula used to distribute the Individual Schools Budget (ISB) to maintained schools, academies and free schools with delegated budget shares.
- 1.3** Future reports to the Schools Forum will cover 2022-23 budgets for high needs.

2. 2022-23 DSG Settlement

- 2.1** A report was presented to Schools Forum in September 2021 that summarised key information from the provisional allocations announced in July 2021 for schools, high needs and central school services blocks.
- 2.2** The DSG final allocations for 2022-23 were published in December 2021 and are based on pupil numbers from the October 2021 school census.
- 2.3** The DSG allocations for 2022-23 are made up of:
 - The Schools Block – based on the latest primary units of funding (PUF), and secondary units of funding (SUF), and premises funding announced in July 2021 and growth funding
 - The High Needs Block – based on the allocations announced in July 2021 with the basic entitlement element updated for the number of pupils in the October 2021 school census
 - The Central School Services Block (CSSB) – based on the latest units of funding and total historic commitments funding announced in July 2021
 - The Early Years Block – based on the early years funding rates published in December 2021 using January 2020 census data
- 2.4** The DfE calculate the Schools Block 2022-23 PUFs and SUFs for each local authority using the July 2021 provisional allocation which is based on the October 2020 census. These are final units of funding for 2022-23 and are not updated at any later point.

Somerset	PUF	SUF
2021/22	4,510	5,606
2022/23	4,680	5,770
Change	3.8%	2.9%

2.5 The PUFs and SUFs are used to allocate schools block funding to local authorities in December 2021, using pupil numbers from the October 2021 census. Table 1 in Appendix 1 shows a reduction in primary school pupil numbers and an increase in secondary school pupil numbers.

3. 2022-23 Schools Block Allocation and Individual Schools Budget (ISB)

3.1 The 2022-23 Schools Block allocation for Somerset is £351.3m.

	2021/22	2022/23	Change	
	£m	£m	£m	%
Schools Budget	337.3	349.4	12.1	3.6%
Growth Fund	2.0	1.9	-0.1	-7.4%
Schools Block	339.3	351.3	12.0	3.5%

The Schools Budget allocation increase of £12.0m reflects demographic growth and DfE funding announcements.

3.2 Every school will receive the new minimum per pupil funding of £4,265 for primary age pupils and £5,525 for secondary age pupils next year.

Minimum Per Pupil Funding	2021-22	2022-23	Increase
Primary	4,180	4,265	2.03%
Secondary	5,415	5,525	2.03%

3.3 Since November 2017, the Schools Forum have supported the proposal to adopt the DfE NFF factors, values and transitional arrangements where possible.

3.4 In November 2021, the Schools Forum agreed, following consultation with Somerset schools and academies on funding changes for 2022-23. The recommendations that were agreed were in relation to:

- the de-delegation of budgets for primary, middle and secondary maintained schools
- a contribution to responsibilities the LA holds for maintained schools previously funded by the Education Services Grant general rate
- the minimum funding guarantee
- the principle of transferring any surplus from the Growth Fund to high needs

- 3.5** In December 2021, the DfE published the Authority Proforma Tool (APT) for 2022-23, which is the tool that the Local Authority is required to complete and return by 21 January 2022.
- 3.6** The APT includes details of the Local Authority formula, values, de-delegation, charges for education management services and commentary/explanations of how the formula has been devised. The DfE uses this information to make a deduction from the ISB to fund academies, and the Education and Skills Funding Agency (ESFA) use the formula to notify academies of their general annual grant for the academic year 2022-23.
- 3.7** The APT includes the current dataset to be used when calculating the school budget shares for 2022-23. The formula data, factors and values are presented in Appendix 1.
- 3.8** If Somerset continues to adopt the NFF and transitional arrangements published by the DfE, the costs of the ISB will exceed the funding available (**excluding** Growth Fund) by £0.66m of which £0.36m is the current calculated cost of the Crewkerne & Ilminster restructuring exercise (see Appendix 1, Table 5). The major change for 2022/23 is the substantial increase in Sparsity Funding, which has increased from £1.13m (33 schools) in 2021/22 to £3.27m (86 schools) in 2022/23.
- 3.9** The local authority is still working on the APT data - there are some outstanding queries regarding Exceptional Circumstances and the Crewkerne & Ilminster costs and we are still awaiting a response from the EFSA to ensure the restructuring is correctly treated within the APT. These issues could lead to some final adjustments to the budgets and, therefore, the current financial position.

4. Growth Funding

- 4.1** The 2020/21 Growth Fund surplus of £1.9m was brought forward into 2021-22. The current balance in the 2021-22 Growth Fund is £3.09m. The local authority is aware of issues regarding capacity in certain areas which are likely to cause further calls on the Growth Fund to meet basic need – therefore the balance may reduce slightly by the year end.
- 4.2** The proposal is to use the 2021-22 Growth Fund surplus in the following priority order:
1. To fund final 2021-22 payments and estimated cost of capacity issues which are likely to cause further calls on the Growth Fund to meet basic need.

2. To carry forward any remaining balance to 2022/23 to fund commitments in that year and allow the transfer of surplus 22/23 Growth Fund to high needs to support the continued funding for priority non-statutory services and provisions and reduce any reductions in services.

A transfer of funding from the growth fund surplus would not impact on individual schools' allocations via the NFF.

- 4.3** The total Growth Fund for 2022-23 is £1.87m, of which £0.21m is required to fund additional expected pupils from Sept 2022 in the three schools still classed as "New and Growing". A further estimated £0.36m (to be confirmed) is required to fund the additional cost of the Crewkerne & Ilminster restructuring and £0.3m to cover the shortfall on the general ISB.

This would leave a balance of £1m available to use for 2022-23 commitments or transfer to High Needs Block.

5 De-delegation and Education Management Functions

- 5.1** At the November 2021 meeting, Schools Forum agreed to the TWG recommendations for:
- the de-delegation of budgets for primary, middle and secondary maintained schools for each of the services listed in the consultation; and
 - a contribution to the Education Management Functions that the LA is responsible for

Appendix 2 provides final figures for de-delegated budgets and the contribution to the education management functions.

6. Consultations Undertaken

- 6.1** A consultation on formula changes took place with all schools and academies during the Autumn term. The outcomes of the consultation have informed the Schools Forum to form their views and assisted the Cabinet members for Children & Families and Education & Transformation in making key decisions.

7. Background Papers

- 7.1** DSG 2022-23 Published Allocations
[Somerset \(skillsfunding.service.gov.uk\)](https://skillsfunding.service.gov.uk/Somerset)

DSG 2022-23 Allocations for all local authorities

[View latest funding \(skillsfunding.service.gov.uk\)](https://skillsfunding.service.gov.uk)

Schools Revenue Funding 2022 to 2023 Operational Guide (updated December 2021)

[Schools_revenue_funding_2022_to_2023_December_2021_update.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Schools Block National Funding Formula: Technical Note (July 2021)

[NFF_schools_block_technical_note \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

2022-23 Schools National Funding Formula Data, Factor and Values

The formula dataset includes pupil numbers (Table 1) and other data (Table 2) such as free school meals, low prior attainment and deprivation, which has been shown in comparison to 2021-22.

Table 1 - Pupil Numbers

Pupil numbers to be funded in the APT	2021/22	2022/23	Change in numbers	Change in %
Primary (years R – 6)	40,919	40,733	-186	-0.45%
Key Stage 3 (years 7 – 9)	16,300	16,617	317	1.94%
Key Stage 4 (years 10 – 11)	10,214	10,269	55	0.54%
Total	67,433	67,619	186	0.28%
<i>Note: Pupils for new/growing schools</i>	<i>81</i>	<i>53</i>		
<i>Crewkerne & Ilminster restructure</i>	<i>0</i>	<i>93</i>		

The above pupil numbers differ from the October 2021 census numbers due to adjustments where it is known that pupil numbers will be significantly different in September 2022 for:

- new and growing schools, which have been opened for less than 7 years and are adding a cohort each September.
- schools involved in the Crewkerne & Ilminster restructuring from September 2022. This partly involves funding “ghost” pupils to ensure the schools are financially viable during the transition to their new structures.

The cost of additional pupils for new and growing schools is funded from the Growth Fund; this is known as implicit growth funding and is pro-rated (from September 2022 to March 2023).

Table 2 - Other Data

DfE Dataset	Primary Pupil Numbers		Secondary Pupil Numbers	
	2021/22	2022/23	2021/22	2022/23
	Free School Meals	7,369	8,122	4,186
Free School Meals (Ever6)	8,403	8,682	5,684	5,740
IDACI band F	4,288	4,327	2,615	2,635
IDACI band E	5,317	5,178	3,173	3,186
IDACI band D	435	417	276	289
IDACI band C	1,338	1,311	865	909
IDACI band B	1,785	1,703	1,113	1,153
IDACI band A	0	0	0	1
EAL 3	1,942	2,082	293	269
Mobility	121	271	16	19
Low Attainment	11,901	11,373	6,397	6,439

The NFF per pupil values that have been applied are set out in Table 3 below.

Table 3 - NFF Factors and Values

Formula Factor	2021/22 Formula Values		2022/23 Formula Values	
	£		£	
	Per pupil - primary	3,123.00	3,217.00	
Per pupil – Key Stage 3	4,404.00	4,536.00		
Per pupil – Key Stage 4	4,963.00	5,112.00		
<i>Amount per pupil</i>	Primary	Secondary	Primary	Secondary
Free School Meals	460	460	470	470
Free School Meals (Ever6)	575	840	590	865
IDACI band F	215	310	220	320
IDACI band E	260	415	270	425
IDACI band D	410	580	420	595
IDACI band C	445	630	460	650
IDACI band B	475	680	490	700
IDACI band A	620	865	640	890
EAL3	550	1,485	565	1,530
Mobility	900	1,290	925	1,330
Prior Attainment – per pupil	1,095	1,660	1,130	1,710
<i>Lump sum payments</i>				
Lump Sum	117,800	117,800	121,300	121,300
Sparsity Factor	45,000	70,000	55,000	80,000

2022-23 Schools Block Funding

The Schools Block allocation for 2022-23 is £351.3m and is summarised below in Table 4.

The Schools Block includes Growth Funding which has been calculated by the DfE using the same methodology as last year, based on the growth in pupil numbers between the October 2020 and October 2021 censuses.

Table 4 - Schools Block Funding

Individual Schools Budget	2021/22	2022/23	Change
	£	£	£
Schools Budget	337,300,356	349,399,366	12,099,010
Growth Fund (implicit & explicit)	2,018,738	1,866,205	-152,533
Schools Block	339,319,094	351,265,571	11,946,477
<i>Less</i> Retained Growth	1,711,899	993,420	-718,479
<i>Less</i> Transfer to High Needs Block	0	0	0
Funds available for delegation to schools (ISB)	337,607,195	350,272,151	12,664,956

Table 5 shows the values and dataset multiplied to show the total funding allocated against each of the formula factors, with the assumptions and recommendations agreed at previous Schools Forum meetings. The cost of funding the formula is compared to the funding available, and this identifies that in 2022-23 £0.66m of Growth Funding is required to support the main schools budget, including £0.36m relating to the Crewkerne & Ilminster restructuring.

Table 5 - Total Funding and Surplus Available

Formula Factor	2021/22	2022/23	Change	% Change
Primary AWPU	127,791,068	131,038,759	3,247,691	3%
KS3 AWPU	71,785,200	75,373,956	3,588,756	5%
KS4 AWPU	50,692,082	52,492,572	1,800,490	4%
FSM	5,315,306	6,045,001	729,695	14%
FSM 6	9,605,889	10,087,491	481,602	5%
IDACI	7,515,007	7,730,090	215,083	3%
EAL 3	1,503,852	1,588,380	84,528	6%
Mobility	130,108	275,041	144,933	111%
LPA Primary	13,031,317	12,851,545	-179,772	-1%
LPA Secondary	10,618,675	11,011,458	392,783	4%
Lump Sum	30,156,800	30,789,983	633,183	2%
Lump Sum Protection	0	155,668	155,668	
Sparsity	1,133,463	3,273,498	2,140,035	189%
Split sites	70,000	90,417	20,417	29%
Rates	3,460,778	3,460,778	0	0%
PFI funding	421,228	377,855	-43,373	-10%
Rural Technology	418,829	418,829	0	0%
Rents	26,316	24,750	-1,566	-6%
Total Funding for Schools Block Formula (excluding minimum per pupil funding and MFG)	333,675,918	347,086,071	13,410,153	4%
Minimum Funding Level	3,444,825	2,632,286	-812,539	-24%
MFG	486,452	553,795	67,343	14%
Total Cost of Funding Formula	337,607,195	350,272,152	12,664,957	3.8%
Schools Budget	337,300,356	349,399,366	12,099,010	4%
Implicit Growth Funding	306,839	207,915	-98,924	-32%
Schools Block Transfer	0	tbc		
Use of Growth Fund	0	664,871	664,871	
Funding Available	337,607,195	350,272,152	12,664,957	3.8%
Surplus in funding	0	0		

De-Delegation – Maintained Primary and Secondary schools only

Maintained schools can, through their representatives on the Schools Forum, vote for specific services to be managed centrally of behalf of maintained mainstream schools.

In November 2021, Schools Forum maintained school members voted to de-delegate the budgets set out in the table below. The 2022/23 values have been updated with the October 2021 census data and are presented in Table 6 below.

The consultation to all schools highlighted that:

- costs may increase above inflation
- where the costs incurred in the previous year have exceeded the de-delegated amount, the overspend will need to be recouped in the following year
- where the costs incurred in the previous year were less than the de-delegated amount, the underspend will result in a reduced charge in the following year

Table 6 – Services and Values for De-Delegation

£ PER PUPIL/PLACE	2021/22				2022/23			
	PRIMARY	SECONDARY	SPECIAL	PRU	PRIMARY	SECONDARY	SPECIAL	PRU
SIMS Licences	£5.31	£5.31	£22.56	£19.91	£5.19	£5.19	£22.06	£19.47
CLEAPPS	£0.14	£0.14	£0.61	£0.54	£0.15	£0.15	£0.62	£0.55
Care First	£0.82	£0.82	£3.51	£3.09	£0.76	£0.76	£3.23	£2.85
Maternity	£26.09	£26.09	£110.87	£97.82	£24.22	£24.22	£102.93	£90.82
Trade Union Facilities	£3.45	£3.45	£14.65	£12.93	£3.59	£3.59	£15.26	£13.46
Insurances - Primary & Special	£21.00	£0.00	£80.00	£80.00	£21.00	£0.00	£80.00	£80.00
Insurances - Secondary	£0.00	£22.00	£0.00	£0.00	£0.00	£22.00	£0.00	£0.00
FSM Eligibility	£0.56	£0.56	£2.39	£2.11	£0.53	£0.53	£2.24	£1.97
Schools Specific Contingency	£0.29	£0.29	£1.22	£1.08	£0.27	£0.27	£1.13	£1.00
TOTAL	£57.66	£58.66	£235.80	£217.47	£55.70	£56.70	£227.47	£210.12

Education Management Function for Maintained Schools

Following the removal of the Education Services Grant (ESG) general grant from September 2017, maintained schools can agree to contribute from delegated funds to ensure continued delivery of certain LA functions.

In November 2021, Schools Forum agreed to continue with this contribution in 2022-23.

The following LA services are funded in this way:

- HR duties
- Finance duties
- Health and Safety
- Equality
- Religious Education (SACRE)
- School Premises

- Redundancy costs
- Monitoring national curriculum assessment

The annual cost in 2021/22 is £19.68 per pupil. The cost for 2022/23 is £18.31 per pupil, a 6.9% decrease.