



Subject	Dedicated School Grant (DSG) - Announcements in July for 2022-23
Meeting Date	14 September 2021
Classification	For information
Executive Summary	<p>Announcements were made in July 2021 by the DfE for mainstream school funding, central school services and the high needs block.</p> <p>Based on the same number of pupil numbers BCP funding in 2022-23 is changing compared with the current year as follows:</p> <ul style="list-style-type: none"> a) schools NFF total is increasing by £5.4 million (2.4%) b) funding rate for the central school services block for on-going council functions continues to reduce by 2.5% per annum c) high needs block allocations provide for an 8% increase
Recommendations	To note the contents of the report.
Reasons for Recommendations	The schools forum is not yet required to make any decisions for the 2022-23 DSG budgets but needs to be made aware of the latest funding announcements.
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DSG announcements for 2022-23 in July 2021

1. The DfE announced DSG funding values for 2022-23 on 19 July for the schools national funding formula (NFF), high needs, and central services blocks. Announcements have not yet been made for the growth fund within the schools block or for the early years block. DSG funding compared with the forecast for 2021-22 is included in Table 1 below:

Table 1 – DSG Settlement 2022-23 (based on October 20 census pupils)

Funding Block	Forecast 2021-22	Forecast 2022-23	Annual Change	
	£000's	£000's	£000's	%
Early Years				
2-year olds Entitlement	2,427	2,427	0	Not yet known
3-year olds Entitlement	18,661	18,661	0	
Pupil Premium	77	77	0	
Disability Access Fund (DAF)	118	118	0	
Total Early Years	21,283	21,283	0	0
Schools Block				
Primary	117,756	120,223	2,467	2.1%
Secondary	108,010	110,941	2,931	2.7%
Total NFF	225,766	231,164	5,398	2.4%
Premises	1,679	1,699	20	Not yet known
Growth - not yet announced	1,435	1,435	0	
Total Schools	228,879	234,298	5,419	2.4%
Central School Services				
NFF	1,767	1723	(44)	-2.5%
Commitments	291	233	(58)	-20%
Total Central School Services	2,058	1,956	(102)	-5.0%
Total High Needs	47,822	51,630	3,808	8.0%
Total DSG Funding	300,042	309,167	9,125	3.0%

Schools Block NFF

- Schools block allocations are calculated based on updated NFF values for 2022-23 applied to data from the October 2020 school census to determine the primary and secondary units of funding. These unit of funding are final for 2022-23 and will be applied to the October 2021 census pupil numbers for allocations notified in December.
- Nationally, school funding is increasing by 3.2% overall, and by 2.8% per pupil, compared with 2021-22. The minimum funding guarantee (MFG) per pupil is set at 2% and the minimum per pupil funding levels are also increasing by 2%.
- For BCP compared with 2021-22 the increase in the NFF total is £5.4 million (2.4%) for the same number of pupils.

Table 2: Mainstream Schools NFF 2022-23

	Final 2021-22 NFF			2022-23 July Announcements			Change
	Pupil Numbers	Unit Value £	Funding £000's	Pupil Numbers	Unit Value £	Funding £000's	Funding £000's
Primary	27,555	4,273.40	117,756	27,555	4,362.96	120,223	2,467
Secondary	19,166	5,635.49	108,010	19,166	5,788.41	110,941	2,931
Total NFF	46,722		225,766	46,722		231,164	5,398

5. Updated school data from the October 2021 census will not be reflected in the NFF primary and secondary units of funding until 2023-24 but the school level budget allocations for 2022-23 will use the updated school data supplied by the DfE in December.
6. The funding factors used in the 2022-23 schools national formula remain the same, with some technical changes:
 - a. To improve the accuracy in identifying schools' remoteness, road distances instead of straight-line distances are now used in calculations. This has significantly increased the number of schools attracting sparsity funding nationally.
 - b. The funding lag for the "FSM6" deprivation funding factor has reduced by 9 months, by moving from using the previous year's January census to the October census for measuring eligibility.
 - c. 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 the cancellation of assessment due to the pandemic.
 - d. Pupils who joined a school between January and May 2020 attract funding for mobility on the basis of their entry date, rather than by virtue of the May school census being their first census at the current school (the May 2020 census did not take place due to the pandemic).
7. NFF funding value changes are as follows:
 - a. Increase of 3% to basic entitlements, free school meals at any time in 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.
 - b. Increase of 2% to the floor, the minimum per pupil levels and free school meals (FSM).
8. Local authorities will continue to determine final allocations for all local mainstream schools in 2022-23.
9. In the local formula the minimum funding guarantee must be set between 0.5% and 2%.
10. Schools' business rates will be paid by the ESFA to billing authorities directly on behalf of all state funded schools from 2022-23 onwards.
11. Local authorities continue to be able to transfer up to 0.5% of their schools block allocations to other blocks of the DSG, with schools forum approval.

Central School Services Block (CSSB)

12. The funding rate for the CSSB for on-going functions continues to reduce by 2.5% per annum. Final allocations will be updated in December with pupil numbers from the October 2021 school census.
13. The funding for historic commitments has been reduced by the usual 20% at this stage but it is hoped that, as in previous years, the DfE will provide an opportunity for the case to be made that funding should be restored to previous levels.

High Needs Block

14. The high needs block allocations announced provide for an 8% increase in funding to reflect the continued rise in high needs pupils and costs. Adjustments will be made in December 2021 to reflect the autumn place return, and again in summer 2022 to reflect the cross border flow of pupils (import/export adjustment) identified from the January 2022 census.
15. The guidance for high needs funding arrangements will be available in late summer.

DSG Deficit management

16. The DfE recognises that despite their best efforts and the increased funding for the high needs block, it may still not be possible for a local authority to clear an historic DSG deficit over the next few years. BCP is in this position.
17. In these cases, the department expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time. The department will need convincing evidence from the local authority that it would be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years.
18. The department will discuss the evidence requirement with selected local authorities and has provided a template to assist all local authorities report their plans for managing the DSG.
19. The department will continue to approach selected local authorities to begin discussions with them during 2021. These discussions are detailed, and to make this process manageable it will be necessary to limit discussions during 2021-22 to a small number of authorities. The department expects to expand the discussions to other local authorities in later years. It is clear that BCP will need to engage in discussions with the DfE at some point.

Background Papers

July 2021 announcements from the DfE.

<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2022-to-2023>