



Northumberland County Council

Wellbeing and Community Health

Agenda Item 6

SCHOOLS FORUM

19 January 2022

Setting the Dedicated Schools Grant (DSG) 2022/23

1. Purpose of the Report

To inform Schools Forum of the DSG settlement for 2022/23, as provided by the Education and Skills Funding Agency (ESFA) on 17 December 2021, and the proposed formula values for the allocation of funds to Schools for 2022/23.

2. Recommendations

Schools Forum is recommended to:

- note this report and the information provided in respect of the various elements of the 2022/23 Dedicated Schools Grant ; and
- agree, where appropriate, the various specific budgets within the individual elements of the DSG at the 16 February 2022 meeting.

3. Background

Schools Forum has previously received reports outlining developments in relation to the National Funding Formula (NFF). The November 2020 report outlined the position to date and gained agreement to a series of principles in relation to the setting of formula values for 2021/22:

- A two-step approach towards the adoption of National Funding Formula values for those values not already in line with NFF figures;
- A transfer of up to 0.5% from the Schools Block to the High Needs block for 2021/22;
- Continuing use of capping and scaling to ensure overall affordability;
- The use of a Minimum Funding Guarantee factor to support those schools receiving the lowest overall levels of “per pupil” increase.

Subsequently to the last Schools Forum meeting, the 2022/23 DSG figures were received from the ESFA on 17 December 2021. Our 2022/23 Schools Block DSG Grant figure is £208,482,884, some £5,360,650 (2.64%) higher than the equivalent 2021/22 figure of £203,122,234. Northumberland’s total 2022/23 DSG allocation is £273,044,427 (£264,350,458 in 2021/22) before any recoupment or deductions for academies. Summary figures for the 2022/23 DSG are shown in the table below, with details at **Annex 1**.

| DSG Block | 2021-22 (Dec 2020) | Final 2022-23 (Dec 2021) | Change | |
|-------------------------------|--------------------|--------------------------|-------------------|--------------|
| | | | £ | % |
| Schools Block | £203,122,234 | £208,482,884 | £5,360,650 | 2.64% |
| High Needs Block | £40,876,888 | £44,497,569 | £3,620,681 | 8.86% |
| Early Years Block | £17,593,993 | £17,609,703 | £15,710 | 0.09% |
| Central School Services Block | £2,757,343 | £2,454,271 | £-303,072 | -10.99% |
| TOTAL | £264,350,458 | £273,044,427 | £8,693,969 | 3.29% |

Other influences on the 2022/23 allocated figure are:

- A decrease of 157 in the overall number of pupils;
- A continuing shift in pupils from primary (down 194) to secondary (up 37) where there are higher levels of basic “per pupil” funding; and
- Increases in deprivation funding due to increased primary and secondary numbers attracting free school meal funding.

The DSG remains as a ring-fenced grant subject to formal grant conditions. As in 2021/22, the DSG is split into four blocks and each block will be determined by a separate national funding formula. Further information is provided on each element in the subsequent sections of the report below.

4 Consultation with Schools

4.1 The recommendations agreed with the Schools Forum on 17 November 2021 were the basis for a consultation with all schools carried out between 17 November and 13 December 2021.

4.2 6 questions were asked:

Q1 Do you support the introduction of a mobility factor into the Northumberland Schools Funding Formula for 2022/23, in order to move closer to the NFF, as supported by Schools Forum?

Q2 How should the mobility factor be introduced?

Q3 Do you support the potential use of capping and scaling as part of the 2022/23 School Budget setting process?

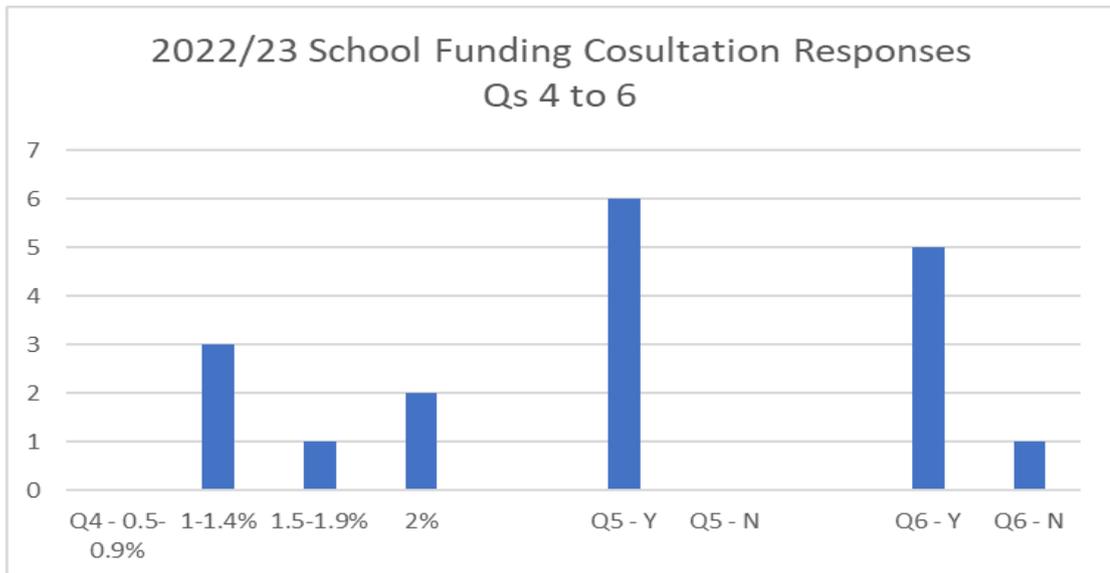
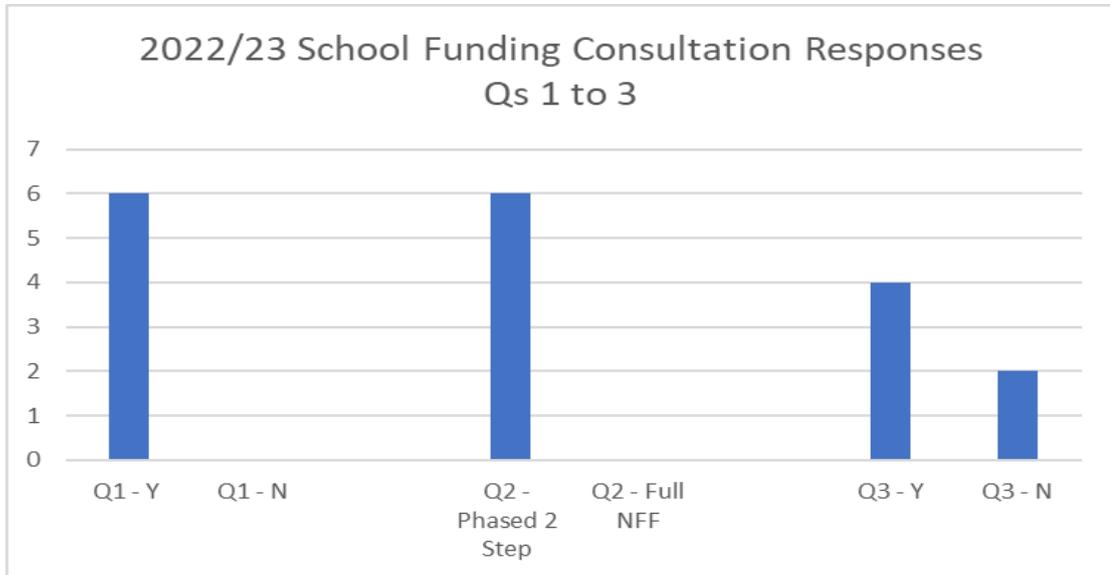
(“capping and scaling” is a mechanism by which different increases under new formula values are averaged out in order to limit some gains and provide more funding for general distribution to schools via the formula values. Without the use of capping and scaling, formula funding values would need to be set at lower values.)

Q4 At what level do you believe Northumberland’s Minimum Funding Guarantee (MFG) level should be set for 2022/23?

Q5 Do you agree to the Council’s proposal, agreed with Schools Forum on 17 November 2021 to transfer up to 0.5% from the Schools Block to the High Needs block for the financial year 2022/23?

Q6 Do you agree to the proposal that the establishment of a falling rolls fund should be investigated for Northumberland subject to funding being available?

4.3 Responses were received and the results of the consultation were as follows:



Six responses were received within the consultation period, whilst this number is a low response it is higher than last year and may reflect implicit agreement with the approach agreed in consultation with the Schools Forum. As can be ascertained from the results, there was clear support for the School Forum decision for all questions from those who did respond, as detailed below

In relation to Q3, on MFG level there was some differences in opinion as shown above, but in the absence of a strong view to the contrary it is believed that the approach favoured by Schools Forum to set the level at the maximum 2% is a sound one, providing the highest possible level of baseline increase to all schools within the financial resources available.

5. Early Years Block

Since April 2017 the Early Years Block has been subject to a National Funding Formula. The Early Years National Funding Formula hourly rate funding rate had been unchanged between 2017/18 and 2019/20 at £4.30 per hour (3 and 4 year old rate), but increased to £4.38 for 2020/21, and has increased by a further 6p (1.4%) to £4.44 for 2021/22. For 2022/23 there has been a further 17p increase in this rate to £4.61 per each eligible 3 & 4 year old hour.

Due to the reliance on January census data for EY block funding, Schools Forum will be aware that we have historically reported underspending on the EY Block, due to the average of the January census figures used for funding purposes being higher than the cumulative annual Autumn, Spring and Summer term payments. Because of this, it is estimated that a 3 and 4 year old rate can be uplifted by 21p to £4.45 for 22/23 after the appropriate provisions were made for the required deprivation elements and central costs.

For 2 year olds the rate received should be passed on directly to providers. This rate has increased from £5.28 (2020/21) to £5.36 (2021/22) to £5.57 (2022/23).

For EY pupil premium the rate has been increased to 60p per hour. Schools Forum will also recall that we agreed to introduce deprivation payments based on EY pupil premium with effect from April 2020. This has proved successful and has seen an increase in the take up of additional funding to support deprived children. This additional premium will increase from 75p per hour to 78p per hour and will continue to be paid for 2022/23 meaning deprived 3 and 4 year old's will receive an additional £1.38 per hour taking their hourly rate to £5.83 to support narrowing the gap and school readiness.

For Disability Access Fund (DAF) the annual rate has been increased from £615 (2021/22) to £800 (2022/23).

The “pass through” level of funding (i.e. the % that must be paid directly to providers) is 95% of 3 and 4 year old funding. Historically Northumberland County Council (NCC) has retained less than 5% centrally.

The initial allocation for the Early Years Block for 2022/23 is £17,609,703 including the £178,576 allocation for the Early Years Pupil Premium and £112,000 for the Disability Access Fund. This is shown in the Dedicated School Grant (DSG) allocation summary at **Annex 1**. It includes an initial allocation of £10,583,260 for the 4,010.45 part time equivalent (pte) 3 and 4 year olds and an allocation of £4,484,906 for 1,706.78 pte 3 and 4 year olds of working parents eligible to access the additional 15 hours free childcare. In addition, there is an initial allocation of £2,295,961 for the 723.16 pte disadvantaged 2 year old children.

All these allocations are indicative and are based on the January 2021 census, but they will be further revised in the light of the January 2022 and January 2023 census data. However, payments will continue to be made to schools and PVI settings based on actual pupil numbers in each of the three terms, Summer 2022, Autumn 2022 and Spring 2023.

The proposed hourly payment rates for 2022/23 are therefore:

| | £ |
|--|------|
| 3 and 4 Year Old Rate | 4.45 |
| 2 Year Old Rate | 5.57 |
| EY Pupil Premium rate | 0.60 |
| Additional Deprivation rate paid on basis of pupil premium | 0.78 |

It has been agreed with Corporate Finance that this can be funded from within the overall EY DSG budget.

Note 1 : Schools Forum is requested to note the following:

The Early Years Block budget to be set at the DfE allocation of £17,609,703 as detailed in Annex 1;

The 3 and 4 year old rate will increase with a 21p uplift from £4.24 (2021/22) to £4.45 per hour (2022/23);

The 2-year-old rate will increase in line with the 21p uplift from £5.36 (2021/22) to £5.57 per hour 2022/23).

6. High Needs Block

The latest indicative High Needs Block allocation for 2022/23 is £44,497,569 before any deductions by the ESFA for direct funding of places by the ESFA of Pre and Post 16 in Academies, Post 16 in maintained special schools and post 16 in Independent Learning Providers (ILP) and Further Education (FE) establishments, as outlined in Annex 1. This figure will also be reduced by £1,023,000 in respect of the net import export adjustments.

The current 2022/23 allocation after these deductions is £40,822,569 but this figure will be revised following January 2022 census information in respect of the import export adjustment which reflects the movement of high needs pupils and students both between local authorities, and to non-maintained special schools, Special Post 16 and FE Institutions, where place funding is deducted from local authorities and paid directly by the ESFA to those institutions. The revised data is usually received in July but the information we currently have represents the latest information that will be made available prior to budget setting.

Work is continuing on the detail of the total requirements within the High Needs Block, and it is recommended that the total 2022/23 budget for the High Needs Block is set at this time, with the detailed breakdown of that funding into the various services being provided to the Schools Forum meeting on 16 February 2022. Setting the overall total for the High Needs Block is necessary at this time as final decisions in relation to the Schools Block must be made before the deadline of 21 January 2022 for submitting the final formula and final formula values for school budgets to the DfE.

Note 2:

The budget for the High Needs Block will be set at £40,822,569, after the deduction by the ESFA for the place funding outlined at Annex 1.

Recommendation 1:

To agree that the various budgets within the High Needs Block be set at the meeting on 16 February 2022.

7. Schools Block

The 2022/23 Primary unit of funding (per pupil figure) is £4,790.26 (£4,646.45 in 2021/22) and the Secondary unit of funding is £5,905.10 (£5,726.05 in 2021/22), giving a per pupil allocation of £204,379,861 (£198,910,374 in 2021/22). The addition of a fixed amount in respect of Growth and Premises of £4,103,023 gives a total Schools Block of £208,482,884 as set out in **Annex 1**.

As agreed by Schools Forum at the meeting on 17 November 2021 and the subsequent consultation with schools, a maximum transfer of £1,042,537 (0.5%) of the Schools Block to the High Needs block is available, this would reduce the amount available to the Schools Block to £207,440,347, a figure £5,288,969 (2.6%) higher than the equivalent 2021/22 figure of £202,151,378.

Proposed formula values are in line with the previously agreed two step approach to the adoption of NFF figures supported by Schools Forum and previous Schools Consultations. It is intended to use, capping of 6% with scaling of 50%, pending the final agreement of figures with the ESFA. In practice this means that any “per pupil” gains of over 6% are reduced by 50% in order to maintain the formula figures as proposed while ensuring overall affordability. This compares to a lower threshold of 4% in 2021/22. Mobility has also been introduced into the Northumberland funding formula at 50% of the NFF values, as part of the overall transition to NFF. Proposed figures are shown in **Table 1** below.

A 2% Minimum funding Guarantee (MFG) is being proposed. MFG is the mechanism that prevents excessive changes in the per pupil values on a year to year basis, that could potentially arise from changes in the overall student profile affecting low prior attainment and deprivation. The lump sum, sparsity and rates formula factors are excluded from MFG calculations by the ESFA in order to avoid excessive or inappropriate protection.

No disapplication requests have been made to the ESFA in respect of 2022/23 School Funding. Changes to the way sparsity funding is allocated means that the 6 schools previously funded via the specific 2020/21 disapplication request should receive funding automatically via the formula.

No further contribution to the growth fund is anticipated in 2022/23, but in line with the discussion within Schools Forum in November 2021 and the subsequent schools’ consultation, funding of £25,000 is being set aside for the creation of a Falling Rolls Fund. Options for this will be developed in conjunction with the Funding Formula Committee and further information will be provided to Schools Forum in the future.

As agreed at the 17 November 2021 Schools Forum meeting, and in conjunction with the associated 11 January 2022 Cabinet report, the decision on the final formula values is delegated to the Executive Director of Adult Social Care and Childrens Services. This is required in case of any adjustments following the submission of information to the ESFA by their 21 January 2022 deadline and the deadline for the confirmation of schools budget shares to mainstream maintained schools by 28 February 2022. No changes are anticipated at this stage. As in previous years, it is intended to provide maintained schools with their 2023/23 budget via the Schools E-courier bulletin by the ESFA deadline of 28 February 2022. This covers the period from April 2022 to March 2023. The equivalent figures for academies will be included for illustrative purposes only; the ESFA is responsible for the provision of the general

annual grant statements to academies for the period from September 2022 to August 2023 by 31 March 2021.

Note 3:

The budget for the Schools Block to be set provisionally at £208,482,884 including a proposed amount of £456,529 in respect of de-delegation. This figure is reduced to £207,440,347 after the transfer of £1,042,537 to the High Needs Block.

Note 4:

School budget shares be provisionally constructed based on the formula values shown the final column of Table 1, including an MFG value of 2%, subject to any adjustments required once the ESFA's decision is known.

Note 5:

Schools Forum are asked to note the intended retention of £25,000 as a Falling Rolls Fund with no further intended deduction from the 2022/23 DSG in respect of this at this stage.

Note 6:

Delegated powers to Executive Director of Adult Social Care and Childrens Services to set the final formula values was agreed at the 17 November 2021 Schools Forum meeting.

Table 1

**COMPARISON OF FINAL 2021-22 AND PROPOSED 2022-23 FORMULA VALUES FOR
NFF AND NORTHUMBERLAND**

| Factor (all figures £) | NFF Values (As published July 2020) 2021/22 | Final NCC Values 2021/22 | 2022-23 NFF Values (As published July 2021) | Proposed NCC Values 22-23 | Change in NFF Values 21/22 to 22/23 % | Change in NCC Values 21/22 to 22/23 % |
|--|--|-----------------------------|---|---------------------------|--|--|
| AWPU Primary | 3,123 | 3,154 | 3,217 | 3,217 | 3.01% | 2.00% |
| KS3 | 4,404 | 4,404 | 4,536 | 4,536 | 3.00% | 3.00% |
| KS4 | 4,963 | 5,064 | 5,112 | 5,112 | 3.00% | 0.95% |
| Lump Sum Primary | 117,800 | 117,800 | 121,300 | 121,300 | 2.97% | 2.97% |
| Middle | 117,800 | 117,800 | 121,300 | 121,300 | 2.97% | 2.97% |
| High/Secondary | 117,800 | 117,800 | 121,300 | 121,300 | 2.97% | 2.97% |
| Deprivation - Free School Meals Primary | 460 | 570 | 470 | 470 | 2.17% | -17.54% |
| Secondary | 460 | 570 | 470 | 470 | 2.17% | -17.54% |
| Deprivation – FSM6 Primary | 575 | 575 | 590 | 590 | 2.61% | 2.61% |
| Secondary | 840 | 840 | 865 | 865 | 2.98% | 2.98% |
| Deprivation – IDACI: | | | | | | |
| Primary Band F | 215 | 215 | 220 | 220 | 2.33% | 2.33% |
| Band E | 260 | 260 | 270 | 270 | 3.85% | 3.85% |
| Band D | 410 | 410 | 420 | 420 | 2.44% | 2.44% |
| Band C | 445 | 445 | 460 | 460 | 3.37% | 3.37% |
| Band B | 475 | 475 | 490 | 490 | 3.16% | 3.16% |
| Band A | 620 | 620 | 640 | 640 | 3.23% | 3.23% |
| Secondary Band F | 310 | 310 | 320 | 320 | 3.23% | 3.23% |
| Band E | 415 | 415 | 425 | 425 | 2.41% | 2.41% |
| Band D | 580 | 580 | 595 | 595 | 2.59% | 2.59% |
| Band C | 630 | 630 | 650 | 650 | 3.17% | 3.17% |
| Band B | 680 | 680 | 700 | 700 | 2.94% | 2.94% |
| Band A | 865 | 865 | 890 | 890 | 2.89% | 2.89% |
| Low Attainment Primary | 1,095 | 840 | 1,130 | 1,130 | 3.20% | 34.52% |
| Secondary | 1,660 | 1,660 | 1,710 | 1,710 | 3.01% | 3.01% |
| Mobility : Primary | 900 | 0 | 925 | 463 | 2.78% | - |
| Secondary | 1,290 | 0 | 1,330 | 665 | 3.10% | - |
| EAL Primary | 550 | 550 | 565 | 565 | 2.73% | 2.73% |
| Secondary | 1,485 | 1,485 | 1,530 | 1,530 | 3.03% | 3.03% |
| Sparsity (max): Primary | 45,000 | 45,000 | 55,000 | 55,000 | 22.22% | 22.22% |
| Middle | 70,000 | 70,000 | 80,000 | 80,000 | 14.29% | 14.29% |
| Secondary/All Through | 70,000 | 70,000 | 80,000 | 80,000 | 14.29% | 14.29% |
| Totals Adjusted by Capping and Scaling rates: | | | | | | |
| Capping | | 4.65% | | 6.00% | | |
| Scaling | | 50% | | 50% | | |
| Minimum Funding Guarantee level | | 2% | | 2% | | |

8. De-Delegation

On Tuesday 11 January 2022, the Government published its response to the consultation on how School Improvement functions should be funded. Details are available [HERE](#) . In short this has announced the withdrawal of the School Improvement and Monitoring Grant, and the opportunity for local authorities to recover this funding via de-delegation.

Due to the short notice from the Government of this change, the LA is currently assessing the implications of this and will prepare a separate paper on de-delegation for the meeting on 19 January 2022.

9. Central Schools Services Block

This block was newly created in 2018/19 and comprises of funding for ongoing statutory responsibilities of the Council and a cash sum for historic commitments. The 2022/23 allocation for this block is £2,454,271, a figure £303,082 (11%) lower than the 2021/22 allocation of £2,757,353. This reduction in the historic element was expected and has previously been reported, but the reduction in the per pupil element, and fall in pupil numbers, for ongoing services represents an additional funding pressure for the Council.

As with the High Needs Budget, the overall budget will be set at £2,454,271 in line with the allocation, with the details of the budget being provided to the February Schools Forum meeting.

Note 7:

The budget for the Central Schools Services Block will be set at £2,454,271 as set out in Annex 1

DEDICATED SCHOOL GRANT (DSG) ALLOCATION 2022/23

Annex 1

Pupils Unit Value

Schools Block

| | | | | |
|--|----------|----------|--|--------------------|
| Main Primary | 22,854.5 | 4,790.26 | | 109,478,998 |
| Main Secondary | 16,071.0 | 5,905.10 | | 94,900,863 |
| Premises | | | | 3,411,508 |
| Growth | | | | 691,515 |
| | | | | 208,482,884 |
| NNDR Within the Premises Factor (Deducted and paid directly) | | | | -2,550,203 |
| Total Schools Block after Deduction of NNDR | | | | 205,932,681 |
| 0.5% to High Needs Block | | | | -1,042,537 |
| | | | | 204,890,144 |
| Proposed De-delegation | | | | to follow |
| | | | | 204,890,144 |

Central School Services Block

| | | | | |
|---|----------|----------|--|------------------|
| Pupil nos | 38,925.5 | 36.23 \$ | | 1,410,271 |
| Historic Commitments (NB 20% Reduction) | | | | 1,044,000 |
| | | | | 2,454,271 |

Early Years Block

| | | | | | |
|--|----------|---------|--|-------------------|----------------------------------|
| 3/4 Year Olds | 4,010.45 | 2627.70 | | 10,538,260 | |
| 3/4 Year Olds - Additional 15 hours | 1,706.78 | 2627.70 | | 4,484,906 | 4.61 Per Eligible Child per Hour |
| 2 Year Old Entitlement | 723.16 | 3174.90 | | 2,295,961 | 5.57 Per Eligible Child per Hour |
| Disability Access Fund | 140.00 | | | 112,000 | 800 Per Eligible Child |
| | | | | 17,431,127 | |
| Initial Allocation early years pupil premium | 522.15 | 342 # | | 178,576 | 0.60 Per Eligible Child per Hour |
| | | | | 17,609,703 | |

High Needs Block

| | | | | |
|---|-----|-------|--|------------|
| TOTAL 22/23 allocation (incl basic entitlement) | | | | 44,497,569 |
| HN deductions | | | | |
| Mainstream Academy Pre 16 | 0 | 6000 | | 0 |
| Mainstream Academy Post 16 | 30 | 6000 | | -180,000 |
| Special Academy Pre 16 | 180 | 10000 | | -1,800,000 |
| Special Academy Post 16 | 36 | 10000 | | -360,000 |
| Special Schools Post 16 | 0 | 10000 | | 0 |
| Mainstream Post 16 | 0 | 6000 | | 0 |
| ILP and FE | 52 | 6000 | | -312,000 |
| Total Deductions to HN Block for Direct Funding of Places by ESFA | | | | -2,652,000 |
| Import Export Adjustment | 177 | 6000 | | -1,023,000 |

TOTAL HIGH NEEDS BLOCK AFTER DEDUCTIONS
40,822,569

41,845,569

DfE published HN figure is BEFORE Import Export Adjustment but after other adjustments.
TOTAL 2022/23 DSG
269,369,427

 267,842,224 *DfE published DSG figure is AFTER NNDR deduction from Schools Block*