

Bristol Schools Forum
Update on DSG 2022-23 with potential funding levels

Date of meeting:	28 September 2021
Time of meeting:	5.00 pm
Venue:	Virtual meeting

1 Purpose of report

- 1.1 This report provides an outline of emerging DSG funding levels for 2022/23, and updates on any changes to regulations surrounding DSG. As details on allocations are yet to be confirmed any figures are indicative and should be treated with caution.

2 Recommendation

2.1 Schools Forum is invited to:

- a) **note the potential 2022/23 indicative funding levels.**
- b) **note the proposed restrictions relating to the DSG.**
- c) **Note that the LA will consult with schools on items in the local formula, particularly MFG, transfers between blocks, and formula factors.**
- d) **note that the LA will consult with schools on their views on de-delegation, and report the results of the consultation to Forum for their decision at the meeting in November.**
- e) **Agree to the Re-establishment of a Finance Sub-group to consider funding formula proposals for 2022-23**
- f) **Note that the proposed funding levels are subject to change following update of the Spending Review 2021 and the Autumn 2021 census data**

3 Background

- 3.1 The ESFA released some details of the Pre-16 schools revenue funding for 2022/2023 on Monday 19th July.
- 3.2 This information included provisional allocations for Schools Block (excluding Growth), High Needs Block and Central School Services Block for 2022-23, based on current pupil data. Actual allocations and the Growth allocations will be determined later in the Autumn, based on Autumn 2021 school census data. There was no information on Early Years funding in this release.

- 3.3 For 2022/23 the 2019 Income Deprivation Affecting Children Index remains the data set in use, having been first applied to the 2021-22 round.
- 3.4 Whilst funding in schools and high needs blocks is distributed to individual LAs using National Funding Formula (NFF), the LA retains discretion over the local formula in to distributing the schools block to individual schools.
- 3.5 On 8th July 2021 the ESFA launched a consultation on establishing a firm, or hard national funding formula. The intent of the consultation is to obtain views of LAs, academy trusts, schools and other stakeholders on the introduction of a hard national funding formula from 2023-24.
- 3.6 Details of the proposals contained in the consultation are discussed later in this paper.

4 Funding levels for 2022/23

- 4.1 The announcement has stated that national funding for schools will increase by 3.2% overall, as compared to 2021/22, including 2.8% directed to the pupil led factors. The funding floor is increasing by 2%, as are the minimum per pupil funding levels and the NFF value for FSM. The Primary age rate is increasing, from £4180 to £4265 and Secondary is increasing to an average £5525 (with KS3 going from £5215 to £5321, and KS4 from £5715 to £5831).
- 4.2 The NFF factor unit values for Basic Entitlement (AWPU) FSM6, IDACI, Low Attainment, EAL and the lump sum are being increased 3%, however forum will be aware Bristol funds these factors at a higher rate than NFF.
- 4.3 The provisional Schools Block allocation for Bristol has been published at £302.8m, before growth funding, with actual allocations expected to be published in December 2021.
- 4.4 As introduced in 2021/22, the funding previously paid separately as the teacher pay grant and the teacher pension employer contribution grant remain incorporated into the Schools Block for 2022/23.
- 4.5 Nationally high needs funding is to increase by £780m (9.6%) in 2022/23, with each LA receiving an increase of at least 8% per head of population.. The provisional High Needs Block allocation for Bristol has been published at £75.2m (a £6.8m increase from 2021/22), with actual allocations expected to be published in December 2021.
- 4.6 Again as introduced last year, and as in line with Schools Block mainstream funding, the teachers' pay grant and the teachers' pension employer contribution grant amounts for High Needs are incorporated within the block.
- 4.7 Nationally central schools services funding in 2022 to 2023 will increase by 2% for the ongoing responsibilities that local authorities continue to have for all schools, while funding for historic commitments within this block will decrease by a further 20%. The provisional Central School Services Block allocation for Bristol has been published at £2.7m, with actual allocations expected to be published in December 2021. This is an overall reduction of £36k reflecting a £149k reduction in historical prudential borrowing, offset by an increase (+£112k) in funding for ongoing responsibilities.
- 4.8 These provisional allocations are based on current pupil data. Final allocations of the 2022/23 funding will use information from the Autumn 2021 census are expected to be issued in December 2021.
- 4.9 Table 1 shows the potential funding and comparative increases in the DSG blocks for Bristol for 2022/23.

Table 1: Indicative 2022/23 DSG funding

Comparative allocations	2021/22 DSG allocation		Indicative 2022/23 DSG allocation	% increase
	£m		£m	
Schools Block excl growth	294.9		302.8	2.7%
Central School Services Block	2.8		2.7	-1.3%
High Needs Block	68.4		75.2	9.7%
Total	366.1		380.7	4.0%
Early Years	37.2		No data	-

5 Restrictions on use and allocations

- 5.1 For 2022/23 we will continue to set a local schools formula. The government has confirmed again its intention to move to a single 'hard' national funding formula to determine every school's budget. We have heard this message in previous years, however this year the ESFA is consulting on introducing a hard national funding formula from 2023/24.
- 5.2 Minimum funding levels per pupil are set as described above and remain a mandatory factor in the local formula.
- 5.3 MFG for 2022/23 must again be set at between +0.5% and +2%. An MFG of +0.5% was applied for 2021/22. Forum will need to discuss and agree what MFG rate is set for 2022/23 within this range.
- 5.4 The ESFA is indicating that again local authorities will be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval.. A disapplication will be required for transfers above 0.5%, or for any amount where schools forum does not approve.
- 5.5 In 2021/22 we transferred £1.400m (0.5%) from the schools block to high needs block, this was earmarked specifically to contribute towards the Education Transformation Programme.
- 5.6 Consultation will be carried out with schools, prior to the November forum meeting to seek their views of the following items;
 - Level of MFG to be applied.
 - Changes to formula factors
 - Transfers between blocks

6 De-delegation of services to Maintained Mainstream Schools

- 6.1 In order that schools and academies can be funded on the same basis, the funding for a number of services have been identified by the DfE as services that must be delegated as part of the initial formula.
- 6.2 Maintained mainstream schools, by a majority vote of the Schools Forum in each sector, can opt to 'de-delegate' the funding for their sector i.e. the LA will hold the funding centrally for the agreed services with the funding spent

on that sector only. The agreed retention will not be given to maintained schools in the formula.

6.3 The LA will consult with maintained mainstream schools to canvass opinion on the de-delegated services. The result of this consultation will be reported to the November meeting of Schools Forum where the maintained school representatives will vote on which services to de-delegate for 2022/23.

6.4 The de-delegated services in scope of the consultation are:

Primary schools

- Premises & employee insurance
- FSM assessment
- Maternity Supply Cover
- Trade Union Facility time
- Health & Safety Reps
- Education Psychology
- Support for schools in financial difficulty

Secondary schools

- Premises & employee insurance
- FSM assessment
- Maternity Supply Cover
- Trade Union Facility time
- Health & Safety Reps
- Education Psychology

6.5 Forum members will recall the vote in 2021/22 was to continue to support de-delegation of funding for some, and not all, of these areas. Primary representatives voted not to de-delegate new funding for Trade Union Facility Time, Health and Safety Reps or Schools in Financial Difficulty, instead these areas to utilise surpluses accumulated over previous years in 2021-22. School Forum is to consider support for de-delegation of funding for these areas in 2022-23 at the meeting in November.

6.6 The report officers will bring to School Forum in November will include information on the accumulated surpluses of de-delegated areas in order to inform the vote for 2022/23.

7 ESFA consultation on introduction of hard national funding formula

- 7.1 On 8th July 2021 the ESFA launched their consultation on the introduction of a hard funding formula.
- 7.2 In addition to discussing the transition from a soft funding formula, where LAs have some discretion over allocating funding, to a hard funding formula the consultation also seeks views on maintained schools adopting a funding year aligned to the academic year.
- 7.3 At the meeting scheduled for November 2021, School Forum will be asked to make decisions in principle for the 2022/23 formula. The consultation document suggests that if a hard formula is introduced for 2023/24, then 2022/23 will be the final year where LAs and School Forum will have this degree of influence over school funding for schools in the local authority area, and that outcomes from these decisions will be influential in establishing funding for schools in future years, if the ESFA maintains a degree of protection through funding guarantees or other floor mechanisms.