

School Forum 02 December 2021	
Report from Executive Director of People - Children Service	
DSG Funding Update 2022/23	
Wards Affected:	All
Key or Non-Key Decision:	N/A
No. of Appendices:	None
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1. Purpose of the report

- 1.1. To inform Schools Forum of the provisional DSG block funding allocations announced for 2022/23.

2. Recommendation

- 2.1. Schools Forum is asked to note the 2022/23 allocations which will form the basis of further detailed work to allocate funding to individual schools and settings at the January 2022 meeting.

3. Summary of Provisional DSG Funding allocation 2022/23

- 3.1. Provisional funding allocations announced in July 2021 indicated that core school funding will increase nationally by £2.3 billion in 2022/23. This is in line with the confirmed 2020 Spending Review increases to funding for schools in England by £7.1 billion by 2022/23 compared to 2019/20. The previous increases had been £2.6 billion in 2020/21 and £4.8 billion in 2021/22.
- 3.2. In Slough, the overall Schools Block funding will increase by £1.8 million in 2022/23, which represents an increase of 1.2%. This is lower than the national percentage increase of 2.9% and lower than the average of 1.7% for Local Authorities (LAs) in London. Factors which have contributed to the lower increase in funding include the fact that London has the lowest share of primary and secondary schools with a per-pupil funding level which is below the 2022/23 minimum per pupil rate of £4,265 for primary schools and £5,525 for secondary

schools. This means that fewer schools will be uplifted to these levels. There is also the impact of decreases in primary pupil numbers.

- 3.3. The High Needs Block (HNB) will also see an increase of £2.3 million, representing an 8% increase. This is below the London average of 8.21% and the national average of 8.84%. Factors that have contributed to this outcome include London experiencing the lowest increase in the funding floor factor as a result of reduction in pupil numbers; and the lowest increase in 3 out of the 6 Income Deprivation Affecting Children Index (IDACI) bandings which is also a funding factor of the HNB.
- 3.4. The Central block will see a 6% reduction and LAs in London will experience smaller than average percentage increases in funding for ongoing responsibilities (1.3% compared to 2.0% nationally). This is driven by London experiencing the largest decreases in schools block pupils and FSM pupils, impacting on the basic per pupil and deprivation funding factors respectively.
- 3.5. The Early Years Block increase is yet to be confirmed

Table 1: Provisional DSG Funding 2022/23

Slough NFF Funding Allocation	School Block	High Needs Block	Central Services Block	Early Year Block	Total
	£'000	£'000	£'000	£'000	£'000
2021/22	149,702,689	28,270,986	707,798	15,229,885	193,911,358
					0
2022/23 (provisional)	151,469,769	30,534,224	734,392	15,229,885	197,968,270
Increase/(Reduction)	1,767,080	2,263,238	26,594	0	4,056,912
% Change	1.2%	8.0%	3.8%	0.0%	2.1%

4. Schools' Block

- 4.1. The basic structure of the schools national funding formula (NFF) is not changing in 2022-23. For 2022-23, we have changed a small number of the existing features of the formula. These are outlined below.
- 4.2. The schools NFF determines how we distribute core funding for 5–16 year-old pupils in mainstream schools.
- 4.3. The formula determines the funding each local authority receives. Under the current approach, local authorities then set their own formulae to distribute that funding across maintained schools and academies in their area – subject to certain constraints.

- 4.4. Approximately 93% of the schools NFF funding is allocated through ‘pupil-led’ factors. The ‘pupil led’ factors are determined by pupil numbers and pupils’ characteristics. The majority of this funding is allocated through the basic per pupil funding factor, which all pupils attract. The NFF allocates the rest of ‘pupil-led’ funding towards additional needs
- 4.5. 75.4% of the schools NFF is allocated through the basic per pupil funding, which every pupil attracts.
- 4.6. The amount varies by age. In the 2022-23 NFF pupils in reception to year 6 attract £3,217; pupils in year 7 to year 9 attract £4,536, and pupils in year 10 and 11 attract £5,112. Additional needs factors:
- 4.7. The NFF allocates 9.1% of all its funding to deprived pupils. Pupil deprivation is based on three deprivation measures – current Free School Meal (FSM) eligibility, FSM eligibility at any time in the last 6 years (“FSM6”), and the level of deprivation in the postcode where the pupil lives, which is measured using the Income Deprivation Affecting Children Index

5. Schools’ Block funding changes

- 5.1. In 2022-23, the formula ensures that all schools attract an increase of at least 2% in pupil-led funding per pupil compared to 2021-22.
- 5.2. MFG must be set between +0.5% and 2.0%
- 5.3. Nationally the area cost adjustment (ACA) ranges between 1.00 and 1.19.
- 5.4. The basic units of funding which are used to calculate the DSG / LA allocation Primary Unit of Funding (PUF) increased from £4,492 to £4,582 (+£90).
- 5.5. Secondary Unit of Funding (SUF) increased from £6,117 to £6,244 (+£67).
- 5.6. The MPPL varies from school to school depending on the year groups they have. The unit values per year group are £4,265 for primary year groups, £5,321 for KS3 and £5,831 for KS4. Each school’s MPPL is calculated as a weighted average of the number of year groups they have.
- 5.7. LA’s may continue to transfer up-to 0.5% of their schools block (excluding the additional funding allocated to the schools block for the teacher pay and pensions grants) with the permission of Schools Forum, which in essence equates to 0.5%
- 5.8. Income Deprivation Affecting Children Index (IDACI), 2021 data is now used within the NFF. 2.5% of LSOAs are placed in IDACI band A which attracts the

highest funding, 5% in IDACI band B attracting the second highest level of funding

- 5.8.1. FSM Schools attract £470 for all primary and secondary pupils who are eligible for free school meals. This funding is broadly intended to cover the cost of providing free meals for each eligible pupil.
- 5.9. The NFF allocates 3.7% of its funding to pupils eligible for IDACI funding. This funding is based on the IDACI 2019 area-based index measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into seven bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A-F, with more funding directed to pupils in the more deprived bands.

6 CSSB

- 6.1. The CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. The total funding or ongoing responsibilities is £284m in 2022-23. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.
 - 6.1.1 Historic Funding-Continuation of reducing Historic spend. For 2021/22, a reduction of 20% on 2020/21 Allocation. (£49,920 - £39,936)
 - 6.1.2 On-going Funding
 - National increase in total funding of 5.56%.
 - Per pupil increased from £22.95 to £24.56 (+£1.61)
 - LA protection rates; loss capped at -2.5% per pupil and gains while the year-on-year gains cap will be set at the highest affordable rate of 5.6%.
 - No change to Area Cost Adjustment rates for CSSB.
- 6.2. From 2020-21 DfE began to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013-14, and which have been unwinding since. This was in line with our reforms to move to a fairer funding system, and to avoid maintaining significant differences in funding indefinitely between local authorities which reflect historic decisions.
- 6.3. In 2022-23, for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2021-22 allocations, the same rate as the reduction in 2021-22.
- 6.4. This reduction in funding will create a budget pressure in the Central Block, as most of the historic commitments are long-term commitments, which cannot be rapidly reduced or easily funded by a constrained General Fund. As part of the 2021/22 budget monitoring, there are some reported underspends in the Central Block and officers will seek to balance the position for the 2022/23 budget.

7 Early Years Block

- 7.1. No published announcement has been made regarding the Early Years block funding for 2022/23 but following the Spending Review 2021 a further update from the DfE has confirmed that the Early Years Block will receive additional funding worth £160 million in 2022/23 and £180 million in 2023/24 to enable LAs increase hourly rates paid to providers for childcare entitlement offers and reflects the costs of inflation and national living wage increases.
- 7.2. An Early Years funding report for 2022/23 will be brought to Schools Forum in January 2022 detailing the revised funding rates.
- 7.3. The DfE has returned to the normal early years funding process from the start of 2021 and intend to use the January 2022 census count to drive funding allocations for the 2022 Spring term.
- 7.4. The five maintained nursery schools in slough receive a specific Supplementary allocation of £0.72 million. It was announced that this grant would continue in the academic year 2021/22 but it is not known if it will continue beyond then. Given the importance of this funding to the maintained nursery schools, this situation will need to be closely monitored.

8 High Needs Block

- 8.1. The additional £2.3 million represents an 8% increase in the High Needs Block income, which would be enough to cover the current 2021/22 forecasted imbalance between High Needs expenditure and income. However, the increase will not be sufficient to also cover the brought forward 2020/21 DSG deficit of £19.5 million and any further increase in demand for Education, Health & Care Plans (EHCPs) in 2022/23.
- 8.2. A provisional funding allocation of £30.5m will not be in line with the HNB deficit management plan which had estimated income of £31.09m for this block in 2022/23.

9 Spending Review 2021 (SR21)

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10 Financial Implications

- 10.1. The financial implications have been detailed in the body of this paper and additional funding received would go towards mitigating inflationary costs pressures faced by schools.
- 10.2. The additional funding for the HNB is not sufficient to mitigate the cost of increases in the demand for EHCPs and recover the current deficit. Once further details on the SR21 funding are announced, the DSG Management Plan will be revised to consider any further growth in funding.

11 Legal Implications

- 11.1. There are no legal implications for this report.

12 Equality Implications

- 12.1. Not applicable

13 Consultation with Ward Members and Stakeholders

- 13.1 Not applicable

14 Human Resources/Property Implications (if appropriate)

- 14.1. Not applicable