

FOR PUBLICATION
DERBYSHIRE COUNTY COUNCIL
CABINET
24 JANUARY 2022
Joint Report of the Executive Director for Children's Services and Executive Director of Corporate Services and Transformation
**Schools Block Funding Settlement 2022-23
(Education)**
1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 Yes, this is a key decision that will determine the budgets of schools and academies for all divisions and communities within Derbyshire.

3. Purpose

3.1 Cabinet is asked to consider and approve the basis for calculating mainstream school and academy budgets for 2022-23.

4. Information and Analysis

4.1 Background

On 16th December 2021, the DfE published local authorities' Dedicated Schools Grant (DSG) allocations for 2022-23, the figures for Derbyshire are in Table 1 below.

Table 1 – DSG Block Allocations 2022-23

Block	2022-23	2021-22	Change	Increase
	£m	£m	£m	%
Schools	522.947	504.853	+18.094	+3.58
Schools - Pupil Growth	2.509	2.495	+0.014	+0.94
High Needs	100.295	88.657	+11.638	+13.13
Early Years	41.648	41.790	-0.142	-0.34%
Central School Services	4.591	4.903	-0.312	-6.36%
Total DSG	671.990	642.698	+29.292	+4.56%

It should be noted that, following the Chancellor of the Exchequer's Autumn Statement, the settlement also included a Supplementary Grant worth around £15.661m to "provide support for the costs of the Health and Social Care Levy and wider costs." This funding is significant in its scale as it equates to around 3% of the Schools Block and will be available to maintained nursery, primary and secondary schools and academies. The grant is, however, outside of the DSG and the National Funding Formula (NFF), the Education and Skills Funding Agency (ESFA) will instead calculate institution-level pre 16 allocations in Spring 2022 based on the following:

- £97 per KS1/2 pupil;
- £137 per KS3 pupil/£155 per KS4 pupil;
- £3,680 lump sum per school;
- £85/£124 per eligible primary/secondary pupil on the Ever 6 count

The amounts calculated will be paid by the ESFA to academies directly and to local authorities for onward distribution to maintained schools, authorities will not be allowed to vary the amounts calculated by the ESFA for maintained schools. The ESFA intend that the grant will be subsumed into the DSG and mainstream NFF for 2023-24.

The remainder of this report considers the Schools Block of the DSG which funds mainstream maintained and academy schools' formula budgets, the other blocks will be the subject of further reports to Cabinet in the next few weeks.

4.2 Schools Block Settlement 2022-23

The 2022-23 allocation for Derbyshire is set out in Table 2 below.

Table 2- 2022-23 Schools Block allocation

	Primary		Secondary		
	2021-22	2022-23	2021-22	2022-23	
Funding (PUF/SUF) per pupil	£4,605.36	£4,772.87	£5,636.76	£5,822.05	
£ increase in PUF/SUF		+£167.51		£185.29	
% increase in PUF/SUF		+3.64%		+3.29%	
October 2019 & 2020 NOR	58,791	58,294	39,813	40,449	
S. Block ex premises (£m)	270.754	278.230	224.414	235,496	
Premises - PFI	0.000	0.000	2.471	2.503	
Premises - Split site	0.098	0.100	0.135	0.137	
Premises – Rates	3.720	3.582	3.069	2.758	2022-23
Premises - Exceptional site	0.104	0.056	0.088	0.085	Total
Total ex Pupil Growth Fund	274.676	281.968	230.177	240.979	522.947
Pupil Growth Fund	0.681	0.576	1.814	1.933	2.509
Total Schools Block	275.357	282.544	231.991	242.912	525.456

The primary and secondary allocations have been derived from the mainstream NFF. Details of the NFF multipliers used in these calculations are provided in Appendix 2. Most of the national multipliers have increased by between 2.5% and 3% compared with 2021-22, the main exception being the sparsity multipliers

– which provide additional resources to schools serving remote communities - which have increased by 22.22% (primary) and 14.29% (secondary) respectively.

4.3 Funding Transfer 2022-23

As with most other LAs, in recent years Derbyshire’s overall DSG resources have been under severe pressure due to the impact of increased demands for support for children with SEND. In order to help LAs address their DSG pressures, the DfE allow authorities, with the permission of their Schools Forum, to transfer up to 0.5% of their Schools Block to their High Needs Block.

On 6th September 2021 Derbyshire published a consultation document to all schools and academies seeking support for such a transfer for 2022-23. The results were reported to the School Forum’s October 2021 meeting and the Forum agreed to approve the Authority’s request. In agreeing to the transfer, the Forum acknowledged that, as a consequence, the local increases in Key Stage 1-4 basic per-pupil and sparsity multipliers would rise by less than the increases nationally. Locally, the Key Stage multipliers would increase by around £19.13 (KS1/2) and £26.98/£30.40 (KS3 &4) less than the national increases. Similarly, the sparsity multipliers would rise by £3,333 locally rather than the £10,000 national increase.

The Authority’s consultation also proposed that an application be made to the Secretary of State for permission to reduce the Minimum Per Pupil Level (MPPL) thresholds in 2022-23. The MPPL is designed to ensure that every mainstream school’s formula budget, excluding allocations for split sites, rates and Minimum Funding Guarantee (MFG) protection, when expressed as a rate per pupil, is no less than £4,265 (primary) or £5,525 (secondary). The Authority’s application to reduce its MPPL thresholds for 2022-23, which was supported locally by the majority of respondents to the consultation and the Schools Forum, was designed to ensure schools funded via this indicator contributed to the 0.5% transfer. If approval were not given, further reductions in the per pupil multipliers would be required to compensate.

4.4 Schools Block Resources and allocations 2022-23

The resources available to fund mainstream school and academy budgets, net of the 0.5% transfer, are set out in Table 3 below.

Table 3 – Resources to support mainstream formula budgets 2022-23

Item	2022-23
	£m
Total Schools Block per Table 2	525.456
Less 0.5% transfer	(2.627)
Less Pupil Growth Fund	(2.509)
Revised total	520.320

Applying the adjusted local formula multipliers to the DfE’s published school formula data is estimated to cost £522.325m, a shortfall of £2.005m. The

calculated cost assumes an MFG of 1.0% per pupil and no cap on individual schools' year on year gains. The MFG mechanism provides a minimum year on year per-pupil increase for each school and the DfE requires LAs to set their own rate within national parameters, +0.5% to 2.0% being the limits for 2022-23. The rate of +1% was proposed in the Authority's consultation with schools and was widely supported by respondents.

The £2.005m shortfall is largely due to increases in deprivation, as measured by the Ever 6 and free school meals indicators. One option to help close the shortfall is to use resources within the Pupil Growth Fund (PGF) element of the Schools Block. In addition to providing general support for mainstream budgets, the purposes of the PGF are to:

- (i) support schools with significant in-year increases in pupil numbers;
- (ii) help individual schools meet Key Stage 1 class size requirements; and
- (iii) provide support to new Free Schools over and above their formula allocations whilst their numbers on roll build up.

PGF allocations are a matter for the Schools Forum rather than the Council. The Schools Forum considered the shortfall at an extraordinary meeting on 12th January 2022 and agreed a £1.000m contribution plus a further £0.221m to fund the increase in free schools' pupil numbers from September 2022.

The above allocations left the remainder of the PGF (£1.288m) available to meet the other responsibilities listed in (i) – (iii) above.

As a result of the School Forum's decisions, the total resources available next year has increased to £521.541m, leaving a residual shortfall of £0.784m. In order to contain the cost of school budgets within the total resources available, the balance of the shortfall will be met by a 0.211% pro-rata reduction in formula multipliers.

The indicative allocations for 2022-23 are summarised in Appendix 3. However, it should be noted that the basic entitlement multipliers and allocations, together with the MPPL and MFG allocations, may vary should the DfE approve the LA's application for the MPPL thresholds to be reduced.

4.5 Other matters

Schools Forums are permitted to take-back monies delegated through the formula to mainstream schools to fund a range of prescribed functions. Academies' budgets are not subject to de-delegation and therefore remain responsible for meeting their own costs directly.

In June 2021 the Authority consulted maintained schools on which services should be funded via de-delegated resources for 2022-23 and the results were reported to the Schools Forum meetings in October and December 2021. Given the widespread support from schools, the Schools Forum agreed to approve the de-delegation of funds once more for 2022-23, a list of the relevant services is provided in Appendix 4. It should be noted that the list of services now includes

cover for the reduction in the School Improvement Monitoring and Brokering Grant (SIMBG) which supports school improvement activities. The DfE confirmed on 11th January 2022 that the grant will reduce by 50% from April 2022 and will cease completely at the end of 2022-23.

The decision to accept responsibility for costs funded from de-delegated and top-sliced resources is a matter for Cabinet and it is recommended that Cabinet agree to the Schools Forum's request for 2022-23.

5. Consultation

- 5.1 The Authority has previously consulted schools and academies on the distribution of the Schools Block and there has been general support for the Authority's approach of mirroring the NFF in its own local formula, as far as resources permit. With regards to the proposals for 2022-23 in this report, schools, academies and the Schools Forum were consulted on both the proposal to utilise 0.5% of the School Block to help with wider DSG pressures and the detail of how the local formula multipliers would be affected as a consequence.

LA maintained schools were also consulted in the summer of 2021 on the de-delegation of resources for 2022-23, save for the additional charge to cover the loss of SIMBG funding which was announced too late in the budget cycle process. However, Schools Forum has given its approval to all of the de-delegation proposals for 2022-23.

6. Alternative Options Considered

None, the proposals will continue to ensure the LA's formula allocations mirror the NFF as closely as possible within the available resources.

7. Implications

Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 DfE document: - Schools revenue funding 2022 to 2023 Operational guide December 2021 Publication
- 8.2 Consultation de-delegation letter to schools 16 June 2021 - ref CA1288
- 8.3 Derbyshire Consultation: Proposed Changes to School and Academy Funding 2022-23 Funding Consultation Autumn 2021 published 6th September 2021.
- 8.4 DfE Consultation: Reforming how local authorities' school improvement functions are funded
- 8.5 Schools Funding settlement announcement 16th December 2021

9. Appendices

- 9.1 Appendix 1 - Implications.
- 9.2 Appendix 2 - National Funding Formula multipliers 2022-23
- 9.3 Appendix 3 - Analysis of mainstream formula budgets 2022-23 by indicator
- 9.4 Appendix 4 - List of proposed de-delegated and top-slice funded services 2022-23

10. Recommendation(s)

That Cabinet:

- a) Notes the overall DSG settlement for 2022-23 and the Supplementary Grant for schools;
- b) Notes the Schools Block allocation for 2022-23;
- c) Notes the National Funding Formula multipliers set out in Appendix 2;
- d) Approves the local mainstream formula multipliers set out in Appendix 3 as the basis for calculating Derbyshire school and academy budgets;
- e) Approves a Minimum Funding Guarantee of 1% per pupil for 2022-23;
- f) Approves that no cap on individual school gains will be applied in 2022-23;
- g) Approves the request from the Schools Forum to de-delegate/top-slice funds from LA maintained primary and secondary schools' 2022-23 budgets for the services listed in Appendix 4;
- h) Approves that any matters of detail regarding the calculation of school budgets be delegated to the Executive Director for Children's Services in consultation with the Cabinet Member for Education; and
- i) Agrees to receive further reports on the other DSG blocks at future meetings.

11. Reasons for Recommendation(s)

- 11.1 To ensure the Authority meets its statutory obligations in determining mainstream school and academy budgets for 2022-23.

12. Is it necessary to waive the call in period?

- 12.1 No.

Report Author:

Chris Allcock

Contact details:

chris.allcock@derbyshire.gov.uk

Implications

Financial

- 1.1 The Authority's current and projected accumulated DSG deficit mean that the costs of school and academy formula budgets must be contained within the quantum set by the DfE. The report's proposals achieve this.
- 1.2 The formula proposals have to be submitted to the Education and Skills Funding Agency (ESFA) on or before 21st January 2022 for approval and to ensure compliance with the Regulations and associated guidance.

Legal

- 2.1 The proposed allocations are in line with DfE Guidance as set out in [Schools operational guide: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103222/Schools_operational_guide_2022_to_2023.pdf)

Human Resources

- 3.1 None

Information Technology

- 4.1 None

Equalities Impact

- 5.1 None

Corporate objectives and priorities for change

- 6.1 The proposals will support the Council's objective to work creatively together to inspire and empower children, young people and their families and communities to be the best they can be: safe, healthy, happy, learning and working.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None

National Funding Formula Multipliers 2022-23

Appendix 2

	2022-23 Multiplier	2021-22 Multiplier	Increase	Increase
Primary	£	£	£	%
Basic Entitlement per pupil: KS 1 & 2	3,217.00	3,123.00	94.00	3.01%
Deprivation: Current Free School	470.00	460.00	10.00	2.17%
Deprivation: Ever 6 Free School Meals	590.00	575.00	15.00	2.61%
Deprivation: IDACI F	220.00	215.00	5.00	2.33%
Deprivation: IDACI E	270.00	260.00	10.00	3.85%
Deprivation: IDACI D	420.00	410.00	10.00	2.44%
Deprivation: IDACI C	460.00	445.00	15.00	3.37%
Deprivation: IDACI B	490.00	475.00	15.00	3.16%
Deprivation: IDACI A	640.00	620.00	20.00	3.23%
Low Prior Attainment	1,130.00	1,095.00	35.00	3.20%
English as an Additional Language (EAL)	565.00	550.00	15.00	2.73%
Mobility	925.00	900.00	25.00	2.78%
Lump Sum	121,300.00	117,800.00	3,500.00	2.97%
Sparsity	55,000.00	45,000.00	10,000.00	22.22%
Minimum Per Pupil Level	4,265.00	4,180.00	85.00	2.03%
	2022-23 Multiplier	2021-22 Multiplier	Increase	Increase
Secondary	£	£	£	%
Basic Entitlement per pupil: Key Stage 3	4,536.00	4,404.00	132.00	3.00%
Basic Entitlement per pupil: Key Stage 4	5,112.00	4,963.00	149.00	3.00%
Deprivation: Current Free School Meals	470.00	460.00	10.00	2.17%
Deprivation: Ever 6 Free School Meals	865.00	840.00	25.00	2.98%
Deprivation: IDACI F	320.00	310.00	10.00	3.23%
Deprivation: IDACI E	425.00	415.00	10.00	2.41%
Deprivation: IDACI D	595.00	580.00	15.00	2.59%
Deprivation: IDACI C	650.00	630.00	20.00	3.17%
Deprivation: IDACI B	700.00	680.00	20.00	2.94%
Deprivation: IDACI A	890.00	865.00	25.00	2.89%
Low Prior Attainment	1,710.00	1,660.00	50.00	3.01%
English as an Additional Language (EAL)	1,530.00	1,485.00	45.00	3.03%
Mobility	1,330.00	1,290.00	40.00	3.10%
Lump Sum	121,300.00	117,800.00	3,500.00	2.97%
Sparsity	80,000.00	70,000.00	10,000.00	14.29%
Minimum Per Pupil Level	5,525.00	5,415.00	110.00	2.03%

Analysis of mainstream formula budgets 2022-23 by indicator

Appendix 3

Indicator	Primary			Secondary		
	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Count	Multiplier	Budget	Count	Multiplier	Budget
		£	£		£	£
Per Pupil – Key Stage 1 & 2 ^{see note 1}	58,353.17	3,184.88	185,847,833	-	-	-
Per Pupil – Key Stage 3 ^{see note 1}	-	-	-	24,925.00	4,489.28	111,895,304
Per Pupil – Key Stage 4 ^{see note 1}	-	-	-	15,528.00	5,060.65	78,581,773
Current FSM	15,456.00	469.01	7,249,017	9,047.00	469.01	4,243,133
Ever 6FSM	16,347.16	588.75	9,624,388	10,695.00	863.17	9,231,603
IDACI F	4,925.57	219.54	1,081,360	3,338.07	319.32	1,065,914
IDACI E	6,860.11	269.43	1,848,319	4,472.13	424.10	1,896,631
IDACI D	2,618.22	419.11	1,097,322	1,773.17	593.74	1,052,804
IDACI C	3,114.60	459.03	1,429,695	2,097.00	648.63	1,360,175
IDACI B	3,084.03	488.97	1,507,996	2,019.42	698.52	1,410,607
IDACI A	799.72	638.65	510,738	508.59	888.12	451,691
Low Prior Attainment	16,450.18	1,127.62	18,549,552	9,158.07	1,706.39	15,627,235
English as an Additional Language	1,043.36	563.81	588,256	151.32	1,526.77	231,027
Mobility	197.17	923.05	181,994	0.26	1,327.19	345
Lump Sum	354.00	121,044.00	42,849,576	45.00	121,044.00	5,446,980
Sparsity ^{see note 2}	47.04	48,231.32	2,268,754	0.29	73,178.56	20,978
Split site: <500m	4.00	2,838.86	11,355	-	-	-
Split site: >500m	2.00	45,044.21	90,088	1.00	139,836.93	139,837
Private Finance Initiative	-	-	-			2,581,185
Rates			3,582,247			2,758,212
Exceptional Circumstances			45,760			92,503
Minimum Per Pupil Level			2,648,577			2,105,585
Minimum Funding Guarantee ^{see note 3}			334,168			0
Total Formula Budgets			281,346,999			240,193,522
TOTAL BOTH SECTORS						521,540,521

Note 1 – The basic entitlement multipliers are below the national rates in Appendix 2 as they have been reduced in line with the LA’s consultation to help fund the 0.5% funding transfer. The Key Stage per-pupil rates have been reduced by a further £6.25 (KS1/2) and £10.25 (KS3/4) on the assumption that the LA’s application to reduce the MPPL threshold will be rejected. These reductions would be cancelled if approval is given.

Note 2 – The local sparsity multipliers have been increased by £3,333 rather than the £10,00 national increase, the saving has contributed towards the 0.5% funding transfer

Note 3 – the Minimum Funding Guarantee has been set at 1% per pupil in accordance with the LA’s consultation.

<u>Item</u>	<u>Purpose</u>
School Contingency Fund	Supports schools in financial difficulty and/or where a school incurs exceptional unforeseen costs which are unreasonable for a governing body to meet
Insurance	Cover includes all risks and contents as well as personal accident and travel cover
Staff Costs: Maternity	Funds the cover costs for staff on maternity, paternity or adoption leave
Staff Costs: Public Duties	Funds the cover costs for staff on jury service.
Staff Costs: Trade Unions	Funds the cover costs for staff undertaking union duties
School Improvement	Funds a range of school improvement services which typically includes: leadership forums, single named contact for advice & guidance, signposting & support and a core package of 3 days of school improvement activity plus governor support package
School Improvement – former SIMBG funded services	Replacement funding to cover the 50% reduction in the national School Improvement Monitoring & Brokering Grant (SIMBG) from April 2022
Redundancy (top-sliced)	To meet the agreed redundancy costs of school staff
Frmr ESG (top-sliced)	Funds a range of HR, Finance, pensions, ICT and asset management functions previously funded via the Education Services Grant (General Duties)