

Education Resources Group
Schools Forum

Meeting Date 30 November 2021
Meeting Date 8 December 2021

Subject: Dedicated Schools Grant Budget 2022/23 - Update
Cabinet Member: Cllr Uddin
Report Number: 20

Item: 4c

Purpose of Report

This report provides details of the latest DSG budget position for 2022/23 based on initial funding announcements made in July 2021. The government funding settlement for 2022/23 is expected in mid to late December. A draft budget has been prepared based on initial projections of Dedicated Schools Grant (DSG) and estimated pupil data; this is subject to the actual settlement and dataset to finalise the allocations. Further reports will be presented to Schools Forum in January 2022 to agree the application of the DSG for 2022/23, including finalisation of the Schools Funding Formula.

Proposal

1. The Schools Forum is asked to note the draft budget position for the Schools Block for 2022/23.
2. The Schools Forum is asked to agree, for 2022/23, the following recommendations:
 - a) the continuation of the growth fund at a cost of £0.15m.
 - b) transfer of 0.5% from the School's Block to the High Needs Block to support the current arrangements for exceptional needs pupils in mainstream schools

Relevance to the Council's Council Plan

The Dedicated Schools Grant (DSG) is a ringfenced grant which funds schools and some central education functions. Updates on the DSG position are provided on a quarterly basis to EMT and Cabinet as part of the council's overall financial monitoring reports.

Main Considerations for ERG and Schools Forum

1. Schools Budget – Monitoring Position 2021/22

The DSG budget monitoring position as at the end of October 2021 is detailed in a separate report. A summary of the position is shown in Table 1 below and indicates a projected overspend for 2021/22 of £4.853m and a projected cumulative deficit of £12.9m.

Table 1: Summary Monitoring Position 2021/22

	£000
DSG Accumulated b/f 20/21	8.048
2020/21 MONITORING POSITION	
Schools Block	(600)
Central Schools Services Block	(16)
Early Years Block	585
High Needs Block	4.884
TOTAL NET PRESSURES 21/22	4.853
NET MONITORING POSITION 21/22	12.901

At this stage, it has been assumed that the delegated element of the Early Years Block will have a net balanced position. Due to fluctuations in pupil numbers due to the pandemic, the DfE has been collecting termly data from local authorities and the final 2021/22 funding position will not be confirmed until later in the financial year.

The DSG budgets will continue to be closely monitored for the remainder of the financial year and some further pressures are expected, particularly in relation to high needs placements and exceptional needs funding adjustments for the Spring term. Updates will be presented to the Forum at future meetings.

2. Schools Budget 2021/22

2.1 Indicative DSG Allocation 2022/23

As in previous years, the DSG settlement and datasets will not be announced until mid to late December, following which the funding formula and budget allocations will be reviewed and reported back to Schools Forum in January 2022. Indicative DSG funding allocations for 2022/23 were published by the ESFA in July 2021 and are summarised in Table 2 below. This information indicated a net increase in funding of £11.133m across the 4 funding blocks.

Table 2 – Indicative DSG Allocation 2022/23 (ESFA July 2021)

Blocks	2021/22 Actual Allocation	2021/22 Indicative Allocation	Variance	Variance
	£m	£m	£m	%
Schools**	282.35	289.32	6.97	2.47%
High Needs	60.88	65.24	4.36	7.16%
Early Years*	26.55	26.55	0	0%
CSSB	2.537	2.524	(0.013)	(0.51%)
Total	372.317	383.634	11.317	3.04%

*Early Years Block – no indicative allocation for 22/23 at this stage

**Schools Block – excludes growth funding in both years

2.2 Schools Block

A detailed breakdown of the Indicative Schools Block allocation is shown in Table 3 below. The primary and secondary units of funding are fixed but the actual allocation will be based on October 2021 pupil numbers once these have been validated. The DfE have indicated that some additional funding may be made available to support the 1.25% national insurance increase for 2022/23 but this has not been confirmed at this stage and may be an additional grant rather than an increase to the DSG.

Table 3: Schools Block Breakdown

Sector	Prim	Sec	TOTAL
Pupil Nos	30,697	19,363	50,060
Unit of Funding	5,015.25	6,690.25	
TOTAL	153,953,269	129,543,303	283,496,572
Premises			5,821,141
Schools Block pre growth			289,317,713
Estimated Growth Funding			789,730
School Block incl est Growth			290,107,443
0.5% to HNB			1,450,537
Growth Fund			150,000
TOTAL Funding Formula			288,506,906

The formula modelling included in the 2022/23 Funding Consultation Document was based on the estimated Schools Block funding available as shown in Table 3 above.

Of the total Schools Block Allocation received

- Growth Funding will be retained centrally for any additional classes required outside the formula process
- 0.5% will be transferred to the High Needs Block to support inclusive schools, dependent on the outcome of the consultation exercise

The balance of funding will be allocated via the funding formula based on the NFF unit rates with the Enfield area cost adjustment. The minimum funding guarantee will be set between 0.5% and 2% depending on affordability. In the modelling, the MFG was set at 1.7% meaning that schools would see a minimum of 1.7% increase per pupil for pupil led formula factors. Schools should note that the formula modelling was based on October 20 census information so should be aware that their actual formula allocation for 2022/23 could vary significantly if there have been variances in pupil numbers and the number of pupils eligible for the various factors. Reasons for any variation will include

- Variation in Schools Block allocation
- Change in pupil nos between Oct 20 and Oct 21
- Variation in percentage of pupils attracting funding through other factors
- Final formula unit rates
- Business Rates increase
- PFI Shortfall
- Growth Funding for new and growing schools
- MFG rate and impact for individual schools
- Any support for NI increase

2.3 High Needs Block

Officers are in the process of calculating expected expenditure from the High Needs Block for 2022/23. Early indications are that pressures are likely to exceed the additional funding available and will include

- Full year effect of 2021/22 expansions/additional places
- Additional in-borough provision planned 2022/23
- Full year effect and new out of borough placements
- Increased in pupils with EHCP in mainstream eligible for exceptional needs funding
- Full year effect of funding agreed for early interventions

2.4 CSSB and Early Years

An update on the Central School Service Block is included in a separate report.

The indicative DSG allocation for 2022/23 issued in July 21 did not provide an update for Early Years. An update on this funding stream will be shared with Forum as soon as it is available.

Report Author: Louise McNamara
Finance Manager – Schools and Education
Louise.mcnamara@enfield.gov.uk
0208 132 1272

Date of report Nov 2021

Appendices - None

Background Papers

DSG Updates to ERG/Schools Forum during Summer Term 2021/22.