

DARLINGTON SCHOOLS FORUM11th January 2022**ITEM NO 5****BUDGET SETTING 2022/23****Purpose of Report**

1. To agree the use of the Dedicated Schools Grant (DSG) in 2022/23.

Background

2. DSG is paid in four funding blocks, following the introduction of the National Funding Formula (NFF).
3. The schools block is ring fenced to the school budget share/growth fund, except for the ability to transfer 0.5% of the total value to another funding block with School Forum agreement.

Funding for 2022/23

4. Darlington received their DSG allocation on the 16th December as follows,

Block	Amount £'000's	Note
School Block	£76,231,183	This is the allocation before recoupment but after deduction for non-domestic rates of £529,610
Central Schools Block	£1,043,958	Reduction of £102,457 from 2021/22
Early Years Block	6,904,847	This allocation will be updated for the January 2021 & January 2022 census
High Needs	£17,535,493	This figure is provisional and will be updated for the place change notifications/ import/export adjustments This figure is before place funding recoupment which is taken at source by ESFA -Direct placement funding of £4,152,000
TOTAL	£101,715,481	

Supplementary Funding

5. Supplementary funding for the increased National Insurance rates has been announced but the school level allocations will not be published until Spring 2022 along with conditions of the grant, with a view to incorporate into the mainstream budget in

2023/24. These will be based on a basic rate and schools will receive this funding in addition to their school budget share.

Schools Block

6. Schools block is calculated by Education, Skills Funding Agency (ESFA) using the NFF based upon the October 2021 census data. Details of the use of the schools block, the school budget share calculation and the proposed growth fund are included in **agenda item 4**. There is a small surplus of £16,492.09 and it is proposed that this is held within the Schools block for future years.
7. The ESFA will be paying the non-domestic rates directly on behalf of state funded schools, effective from the 1st April 2022 therefore the overall school budget share has been reduced by £529,610 to allow of this.

Early Years Block

8. The provisional early years block allocation is made up as follows

Area	Allocation £	Note
Universal 3&4 Year old	3,819,877	Funded by DfE @ £4.75 per hour
Extended 30 hours 3&4 Year old	1,741,410	Funded by DfE @ £4.75 per hour
2 Year old	1,005,904	Funded by DfE @ £5.57 per hour
Early Years Pupil Premium	106,386	Funded by DfE @ £0.60 per hour
Disability Access Funding	31,200	Funded by DfE @ £800 per child
Maintained Nursery Lump Sum	200,070	Funding for two schools
TOTAL	6,904,847	

9. As Forum will be aware the early years allocation is updated throughout the year based upon the January census, therefore the allocation provided is provisional at this stage. The Early Years block will be updated for the January 2022 and 2023 census.
10. The final allocation for the early years block will not be known until June/July 2023.
11. As Forum will be aware the hourly rate funding received must cover all the elements of the Early Years Funding Formula as follows,
 - a. The hourly rate
 - b. Mandatory deprivation supplements
 - c. Mandatory SEN inclusion funding
 - d. Centrally held funding
 - e. Other supplements (Darlington does not use any non-mandatory supplements)

12. COVID is still having an impact on the Early Years budget, we don't know the final allocation for 2021/22 and it is therefore difficult to project the year end position. There will be no further adjustment in the current year but it will be amended in June/July time based on the January census and pupil numbers.
13. The provisional early years block allocation has an increase of 17p per hour for both the universal and the extended 3 & 4 year old entitlements. The 2 year old hourly rate has increased by 21p per hour. It is proposed that both increases will be fully passported to early years providers from April 2022.
14. The Disability Access Fund has increased by £185 per pupil and the Early Years Pupil Premium rates received in the early years block have increased by 7p and are proposed to be fully passported to the early years providers in April 2022.
15. It is proposed that the SEN inclusion fund for 2022/23 be set at £200,000 as in 2021/22
16. No increase is proposed in the £113,754 of funding held centrally.
17. The following table shows the provisional funding formula funding rates for 2022/23.

Provision	2021/22 Actual Rate	2022/23 Proposed Rate	Change
<u>3 & 4 Year Old Children</u>			
Nursery School – Per hour per child	£4.31	£4.48	£0.17
School Nursery Class – Per hour per child	£4.31	£4.48	£0.17
Private, Voluntary & Independent Sector – Per hour, per child	£4.31	£4.48	£0.17
Deprivation – Top 10% most deprived post codes – Per term, per child	£50	£50	£0.00
Deprivation – 11 - 20% most deprived post codes – Per term, per child	£25	£25	£0.00
Deprivation – 21 - 30% most deprived post codes – Per term, per child	£12.50	£12.50	£0.00
<u>2 Year Old Children</u>			
All Providers – Per hour per child	£5.36	£5.57	£0.21
<u>Early Years Pupil Premium</u>			
All Providers – Per hour per child	£0.53	£0.60	£0.07
<u>Disability Access Fund</u>			
	£615.00	£800.00	£185.00
<u>Central Early Years Team*</u>			
	£113,754	£113,754	£0.00
<u>Maintained Nursery School Lump Sum**</u>			
	£196,079	£200,070	£3,991

*This represents less than 2% of the total funding. DfE rules stipulate a maximum of 5% can be held centrally.

** Lumps sums as per the 2022/23 allocation, which is subject to change.

Central School Block

18. The central schools block allocation is split into two areas by ESFA. The first element is the amount of central funding that is allocated to Darlington through the per pupil funding formula. The second element is the “historic commitments”, which was added to the central schools block by ESFA in recognition of existing commitments to services procured centrally. **Appendix 3**
19. For 2022/23 the central schools block allocation is made up of £546,294 formula based and £497,664 historic commitments a total of £1,043,958.
20. The historic element of the block has decreased by 20% as expected. This is a decrease of £124,416 on the 2021/22 allocation. Rules concerning the use of historic commitments, prevent new areas of expenditure being made from this budget or any increases in expenditure.
21. There is £13,539 unallocated from the formula based area and along with the £95,758 unallocated from the historic block, this gives a total of £109,297, therefore it is proposed that the balance of funding in the central block be held in reserve for future years to offset the expected 20% reduction in the historic part of the block and allow all centrally funded services to be continued.
22. As Forum members will recall from last year there is a requirement to consult with School Forum on the proposed use of the central schools block. Attached at **appendix 3** are the proposed budgets allocated under the central schools block for 2022/23
23. The areas of expenditure proposed to be funded under the formula based element of the central school block are the same in 2022/23 as in 2021/22.
24. The copyright license fee is top sliced by ESFA from the DSG allocation and is set in line with the cost of contracts held centrally by ESFA. ESFA have notified that the copyright fee charged to Darlington will be £82,146 for 2022/23, which has increased by £4,924.
25. The Admissions team has increased by 2% due to the annual pay award.

High Needs Block

26. The high needs block is calculated by ESFA on a formula basis. The allocation received includes an adjustment for export/import places between authorities, however the current allocation received is based upon 2021/22 pupil numbers. Therefore, the high needs allocation will be updated during the year for the 2022/23 pupil numbers.

27. The allocation received for 2022/23 is £17,535,493 this includes £4,152,000 of place funding for academies and post 16 colleges which will be topped sliced at source by ESFA. This is an increase of £1,578,723.
28. As Forum members are aware there are significant pressures against the high needs budget allocation due to the demand for high needs support.
29. There is allocated supplementary funding for the High Needs Block of £648,933 in relation to the Health and Social Care levy. Further guidance will be provided by the ESFA in February and an update will be brought to the Forum in March 2022.

Recommendations

30. That Forum notes the budget allocations for 2022/23 from ESFA.
31. That Forum notes the proposed early years funding rates for 2022/23 and agrees the central allocation.
32. That Forum agrees to the proposed usage of the central schools block in 2022
33. Forum agrees that the £16,492.09 surplus in the school budget share to be held within the School Block reserve for future years.

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