

Schools and Early Years Funding Arrangements 2022-23

- To: Children and Young People Committee
- Meeting Date: 18 January 2022
- From: Jonathan Lewis, Service Director Education
Martin Wade, Strategic Finance Business Partner
- Electoral division(s): All
- Forward Plan ref: Not applicable
- Key decision: KD2022/004
- Outcome: To advise the Committee of the 2022-23 Dedicated Schools Grant (DSG) allocation for Cambridgeshire published by the Department for Education (DfE) in December 2021.
- To seek the Committee's approval of the 2022-23 local Cambridgeshire schools funding formula and early years single funding formula.
- Recommendation: The Committee is recommended to:
- a) Approve the formula factors and unit values to be applied in the local Cambridgeshire funding formula, for primary and secondary mainstream schools as set out in Appendix A.
 - b) Approve the proposed hourly rates for Early Years settings as detailed in section 5.2.

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1. Background

- 1.1 This report follows on from the school funding update presented to the Committee at its November 2021 meeting which provided an update on the school funding arrangements for 2022-23. The report focuses on the Schools Block and Early Years Block within the Dedicated Schools Grant (DSG) and the associated funding formula to be applied for Cambridgeshire. An overview of the total DSG settlement for Cambridgeshire is also provided.
- 1.2 On 16th December 2021 the Department for Education (DfE) published the DSG allocations for 2022-23. Full details can be found on the [DfE website](#) and a summary of the key highlights is provided in Section 2.

2. The 2022-23 Dedicated Schools Grant (DSG)

- 2.1 The DSG announcement made by the DfE in December 2021 included the Schools Block, the Central Services Schools Block, the High Needs Block and Early Years Block (indicative). The actual amount to be received by the local authority during the 2021/22 financial years is subject to change and will be amended to reflect recoupment for academies. The initial 2022-23 allocations for Cambridgeshire are set out in table on the following page, which also provides for comparison the 2021-22 allocations.

DSG Block	2021-22 Allocation £m	2022-23 Initial Allocation £m	Difference to 2021-22 Allocation £m
Schools Block (incl. growth and business rates)*	405.118	421.716	+16.598
High Needs Block	83.608	90.784	+7.176
Central Services Schools Block	6.479	5.923	-0.556
Early Years Block	38.127	37.656	-0.471
Total	533.332	556.079	+22.747

*Please note: The Schools Block figures above, and school level figures include estimates in respect of business rates which will not form part of the actual funding to be received as will be paid directly by the ESFA as part of the new centralised national process.

- 2.2 The net increase in the Schools Block for 2022-23 totals approximately £16.598m or 4.1%. This uplift is as a result of a combination of the additional investment through the national funding formula and the net increase in pupils between October 2020 and October 2021.
- Primary (Reception – Year 6) – net reduction of 100 pupils
 - Secondary (Year 7 –Year 11) – net increase of 859 pupils

- 2.3 The High Needs Block has increased by £7.176m, which although slightly higher than the indicative allocations provided by the DfE earlier in the year, is still significantly lower than the required increase to meet current High Needs pressures.
- 2.4 The change in the Central Services Schools Block (CSSB) is as expected at the Schools Forum meeting in November members voted to continue to allocate the remaining CSSB to support the contribution to combined budgets in 2022-23.
- 2.5 The Early Years Block indicative figures are currently based on January 2021 data and as such will be amended to reflect actual levels of take-up. Adjustments are also expected to 2021/22 figures based on receipt of the January 2022 census data.

3. Supplementary Funding

- 3.1 In addition to the DSG, mainstream schools will receive an additional grant in 2022 to 2023 worth £1.2 billion nationally. The grant is being provided in respect of both the Health and Social Care Levy and other cost pressures. Details have been published on the [Government publications website](#).
- 3.2 Initial indicative figures for Cambridgeshire suggest an allocation of circa £12m. Finalised school level figures are due to be published in the Spring.
- 3.3 Alongside the mainstream allocation an additional £325 million of high needs funding has been allocated nationally for 2022 to 2023. This is payable via a separate grant to the DSG, but is subject to the same conditions of grant.
- 3.4 Initial indicative figures for Cambridgeshire suggest an allocation of circa £3m, however this additional funding will not be calculated at school level and as such further work will be required to agree how the funding is applied.

4. Proposed 2022-23 Cambridgeshire Schools Funding Formula

- 4.1 Following receipt of the revised datasets from the DfE on 16th December 2021 further budget modelling has been undertaken reflecting the approach agreed by Schools Forum and presented to CYP committee at the November meeting:
 - 0.5%/circa £2.1m block transfer from Schools Block to High Needs Block
 - £1.75m centrally retained growth fund
 - Align funding rates with the National Funding Formula (NFF)
 - Apply distance taper to the Sparsity factor to maximise number of qualifying schools
 - Apply the maximum 2% Minimum Funding Guarantee (MFG)
- 4.2 After adjusting the Schools Block for the 0.5%/circa £2.1m block transfer and £1.75m centrally retained growth fund the total available for distribution (including business rates) is £417.858m. However, initial modelling resulted in an overall affordability gap of approximately £41k.

- 4.3 In order to fund at the base NFF rates (excluding area cost adjustment), fund the MFG at 2% and not require a funding cap it is proposed to scale down the block transfer and centrally retained growth fund to balance to the required distribution total.
- 4.4 **Appendix A** shows a comparison between the current funding formula rates and the base NFF rates to be used to allocate the total schools block to primary and secondary schools for 2022-23. These unit values reflect the national funding formula rates, including the revised minimum per pupil levels (MPPL) - £4,265 for primary and £5,525 for secondary.
- 4.5 The illustrative impact of the final budget proposals at school level can be seen in **Appendix B**.
- 4.6 Key points to note:
- All schools will receive at least the MPPL at an overall cost to the formula of circa £6.3m, but the impact will vary for individual schools dependent on their individual circumstances.
 - The cost to the formula to meet the 2% MFG is £555k.
 - Despite the MPPL and MFG protections there are a number of schools with falling rolls which is likely to result in an overall cash reduction when compared to previous years.
 - 46 primary schools and 2 secondary schools now qualify for sparsity funding under the revised criteria, compared to 17 and 1 in 2021-22.
 - All school level figures remain draft until further data validation has been undertaken and the formula has been approved by the Education, Skills and Funding Agency (ESFA).

5. Early Years Funding

- 5.1 As part of the DSG settlement published in December the DfE announced additional funding nationally for early years in 2022-23, which translates into:
- 21p per hour increase for funded two-year-olds
 - 17p per hour increase for all three- and four-year-olds
 - 7p increase to 60p for Early Years Pupil Premium (EYPP) per eligible child
 - £185 increase to £800 to the Disability Access Fund (DAF) per eligible child per year
 - 3.5% increase to the maintained nursery school supplement (amounts to be confirmed)
- 5.2 As a result of these increases and considering the current challenges facing the sector a minimal change approach is being proposed for the Cambridgeshire Early Years Single Funding Formula (EYSFF) for 2022-23. This would see the national increase passed on in full to providers resulting in:
- An increase in the hourly rate for funded two-year-olds from £5.57 to £5.78
 - An increase in the hourly rate for three- and four-year-olds from £4.20 to £4.37
- 5.3 EYPP and DAF continue to be passported on to eligible children at the national rate.

6. Alignment with corporate priorities

6.1 A good quality of life for everyone
There are no significant implications for this priority.

6.2 Thriving places for people to live
There are no significant implications for this priority.

6.3 The best start for Cambridgeshire's children

The following bullet points set out details of implications identified by officers:

- The budget allocations will directly impact on the levels of funding to be received by early years providers and each school in Cambridgeshire.

6.4 Net zero carbon emissions for Cambridgeshire by 2050
There are no significant implications for this priority.

7. Significant Implications

7.1 Resource Implications

The following bullet points set out details of implications identified by officers:

- This report sets out details of the overall resources in respect of the DSG for 2022-23.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no significant implications within this category.

7.3 Statutory, Legal and Risk Implications

The following bullet points set out details of implications identified by officers:

- The need to set the schools funding formula in line with the DfE requirements
- The need to submit the final 2022-23 Authority Pro-forma Tool (the schools budget data) to the ESFA by the 21 January 2022
- The requirement to publish school budgets by the statutory deadline of 28 February 2022

7.4 Equality and Diversity Implications
There are no significant implications within this category.

7.5 Engagement and Communications Implications

The following bullet point sets out details of significant implications identified by officers:

- During October 2021 schools were consulted on the Cambridgeshire schools funding formula proposals for 2022-23.
- Discussions have been held with the Schools Forum, including the outcome of the consultation with schools.

7.6 Localism and Local Member Involvement
There are no significant implications within this category.

7.7 Public Health Implications

There are no significant implications within this category.

7.8 Environment and Climate Change Implications

Implication 1: Energy efficient, low carbon buildings. Status: Neutral

Implication 2: Low carbon transport. Status: Neutral

Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Status: Neutral

Implication 4: Waste Management and Tackling Plastic Pollution. Status: Neutral

Implication 5: Water use, availability and management: Status: Neutral

Implication 6: Air Pollution. Status: Neutral

Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change. Status: Neutral

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Martin Wade

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes

Name of Officer: Henry Swan

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact?

Yes

Name of Officer: Jonathan Lewis

Have any engagement and communication implications been cleared by Communications?

Yes

Name of Officer: Simon Cobby

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Jonathan Lewis

Have any Public Health implications been cleared by Public Health? Yes

Name of Officer: Helen Freeman

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton

8. Source documents

8.1 [DfE website - Dedicated Schools Grant \(DSG\) 2022 to 2023, published December 2021](#)

8.2 Report to CYP on 30 November 2021: [School Revenue Funding Arrangements 2022-23](#)

9. Accessibility

- 9.1 Accessible versions of this report and appendices are available on request from [Martin Wade](#).