

Meeting:	Schools Forum
Date:	11 January 2022
Subject:	Item 4: 2022-23 DSG Budget Setting
Responsible Officer:	Jo Frost, Finance Business Partner – Children’s Services

Section 1 – summary

1. Schools Forum at its meeting on 14 September 2021, considered a report setting out the updates to school funding for 2022-23 and indicative budget setting intentions. This report was considered in advance of the notification of the 2021-22 Dedicated Schools Grant allocation. This was announced by the DfE on 16 December 2021.
2. This report outlines the latest 2022-23 settlement and details the proposed 2022-23 school budget to be submitted to the DfE by 21 January 2022
3. Schools Forum is asked to:
 - Note the 2022-23 DSG allocation at Table 1
 - Agree the final position on the Growth Fund at Table 2
 - Note overall funding formula and distributed funding at Appendix A
 - Note indicative formula derived 2022-23 budgets at school level at Appendix B and changes between years at Appendix C
 - Note the final MFG from paragraph 22
 - Maintained Schools to vote on de-delegation of funding for Trade Union duties from paragraph 33
 - Note the High Needs Block funding at Table 8
 - Note the Early Years funding at Table 9
 - Note other sources of funding available in 2022-23 as set out from paragraph 56

Section 2 – report

Dedicated Schools Grant 2022-23

4. The 2022-23 DSG is based on the number of pupils on the October 2021 school census. The total DSG for 2022-23 is £243.644m. This is subject to amendments to the allocations for the Early Years Block which will be updated to reflect the January 2022 Early Years Census data and excludes recoupment of place funding for academies and post 16 providers in the High Needs Block.
5. Table 1 below shows the breakdown of the 2022-23 DSG across the four blocks. The sections following the table provide a detailed explanation for each funding block.

Table 1 – 2022-23 Dedicated Schools Grant allocation

Blocks	Unit of funding		Pupil numbers		Total
	Primary	Secondary	Primary	Secondary	
Schools Block – per pupil	£4,656.89	£6,402.96	21,222.50	13,029.00	£182,255,013.87
Schools Block – lump sum premises					£2,734,950.00
Schools Block – NNDR deduction					-£2,520,281.00
Schools Block – growth fund formula					£948,220.00
Total Schools Block					£183,417,902.87
Central Schools Block					£1,410,135.00
High Needs Block (after import/export adjustments & recoupment)					£40,199,734.00
Early Years Block					£18,615,893.00
Total Dedicated Schools Grant Allocation 2022-23					£243,643,664.87

Schools Block

6. The schools block is funded on three different methodologies. Primary and secondary NFF units of funding cover core schools funding which includes:
 - Pupil-led factors - basic per-pupil, deprivation, low prior attainment, English as an additional language, minimum per pupil funding, funding floor and transitional protections.
 - School-led factors - lump sum, sparsity.
 - The area cost adjustment – this is a multiplier that applies to both pupil-led and school-led factors. In 2022-23 the multiplier for Harrow is 1.10042
7. The Primary and Secondary units of funding (PUF/SUF) have been calculated using the NFF and based on the 2022-23 pupil and school characteristics, including MFG but excluding business rates and growth fund

items and divided by the adjusted number of pupils on roll on the October 2021 school census.

8. The allocation for 2022-23 is then based on the PUF/SUF multiplied by the NOR on the October 2021 school census. This has yielded per pupil funding of £182.255m.
9. In addition, there is a Schools Block lump sum. This is funding for business rates and is based on historical allocations totalling £2.735m. The majority of this is then deducted as from April 2022 the ESFA will provide funding to LA business rates units directly rather than passporting to LAs and then individual schools paying their rates bills.

Growth Fund

10. From 2019-20 growth funding has been allocated to LAs using a new formulaic method based on lagged growth data.
11. Growth funding can only be used to:
 - Support growth in pre-16 pupil numbers to meet basic need
 - Support additional classes needed to meet the infant class size regulation
 - Meet the costs of new schools
12. Growth funding may not be used to support:
 - Schools in financial difficulty
 - General growth due to popularity; which is managed through lagged funding

Table 2 – growth fund 2022-23 proposed commitments

Category	£'000
Licences	£167
Primary Expansion	£198
Secondary Expansion	£415
Total commitments 2022-23	£780

13. Funding for licences has been allocated based on the amount notified by the DfE. It should be noted that in the overall schools block allocation figures these amounts are shown against the ISB since they are payments made centrally on behalf of school budgets.
14. Primary expansions is based on a similar level of funding paid to primary schools in 2021-22.

15. Secondary expansions is based on the school roll projections (published July 2021) which suggest there will be a shortage of places of around 35 in September 2022. In addition, this has been scaled up to reflect the proportion of places that had to be initially over offered in September 2021, taking the potential shortfall to 74 and rounding up to 3FE. This has been calculated using KS3 basic entitlement.

Proposed Schools Funding Formula 2022-23

16. The NFF continues to be the method of distributing funding for 2022-23. There are no proposed changes to the structure of the formula for 2022-23. The Harrow Schools Funding formula now reflects the National Funding Formula entirely. The funding rates applied in each factor are equal to those in the NFF plus Harrow's Area Cost Adjustment of 1.10042.
17. In 2022-23 the NFF factor values have increased by 3% with the exception of Free School Meals which has increased by 2% to reflect inflation, and business rates are based on actual estimates of costs for 2021-22. In addition, IDACI factors have increased between 2% and 4%. The final funding formula factors and distributed funding is shown at Appendix A.
18. Appendix B shows the high level indicative school budgets by school.

Minimum Per Pupil Funding Levels (MPPL)

19. The MPPL is set at £4,265 for primary schools and £5,321 for KS3 and £5,831 for KS4. As per Appendix B there are 2 schools who are eligible for this funding whose funding as calculated through the NFF is below the national thresholds for primary or secondary schools.

Indicative School Budgets 2022-23

20. Indicative Individual School Budgets for 2022-23 are shown at Appendix B and an approximate analysis of the changes between years at Appendix C. Note, these are the budgets derived through the formula and do not include funding for early years nurseries, EHCPs, SEN units, Pupil Premium, Universal Infant Free School Meals, Devolved Formula Capital and any other specific grants. These figures do include funding towards Teacher's Pay and Teacher's Pension increases which are no longer be funded from separate grants.
21. These budgets are indicative and subject to Harrow Cabinet ratification and DfE approval of the school funding formula in February 2022.

Minimum Funding Guarantee

22. In 2022-23 the Minimum Funding Guarantee will continue to protect schools from per pupil losses between years. For the third time in the last three years LAs must set a positive MFG (meaning schools will see an increase in their per pupil budgets between years). The MFG must be between +0.5% and +2.0%. This is calculated on the whole school unit but excluding business rates and the lump sum and then divided by the total number of pupils on roll.
23. In the previous financial years Schools Forum agreed to set a negative MFG at -1.5% in order that schools reach the NFF as soon as possible to ensure there won't be significant losses if the MFG protection is no longer applied.
24. However, in 2020-21 not only was it mandatory to set a positive MFG, there was also capacity within the overall schools block that meant that a positive MFG of +4.24% was set in order to allocate out all of the schools block.
25. In 2021-22 the maximum MFG of +2% was applied.
26. In the overall formula it is affordable to set the maximum MFG, therefore the school budgets at Appendix B have been **prepared using +2% MFG** in the funding formula for 2022-23. It is not planned to cap gains in the formula which is consistent with approach in previous years.
27. The total cost of the MFG to the schools block is £2.247m with 26/54 schools receiving MFG protection of +2% per pupil. The remainder of schools do not attract any MFG funding as they are already receiving +2% or higher per pupil through the funding formula.

Schools Block Allocation and Commitments

28. Table 4 shows the 2022-23 schools block allocation and commitments as set out at the above paragraphs.

Table 4 – schools block allocation and commitments 2022-23

Schools Block	Allocation	Total Distributed	Difference
ISB	£182,469,683	£183,504,508	£1,034,825
Growth Fund	£948,220	£613,395	-£334,825
Total	£183,417,903	£184,117,903	£700,000
Allocation from contingency			-£700,000
Revised Difference			£0

29. It should be noted that there is approx £300k of funding in the ISB distribution figure that relates to growth funding for growing schools which is included in the school budget calculation, but it is anticipated to be funded from the growth fund.

30. A summary of the assumptions in these figures is as follows:

- NFF continues to be method of distribution
- MFG set at +2%, growth on gains not capped
- Growth Fund committed as per Table 2
- No transfers between any blocks

31. As shown above at Table 4 £700k has been allocated from the contingency to support school budgets in 2022-23. This has been added to the funding formula in the per pupil basic entitlement factor and has been treated as a technical adjustment so as not to impact on the MFG. This is because the funding is one off and would inflate the MFG which would have a negative impact on future years

32. This technical adjustment is subject to DfE approval.

De-delegation for Trade Union Duties

33. In Autumn 2021 the LA consulted with maintained schools, academies and free schools in relation to pooled funding to support backfill arrangements for schools whose employees are trade union representatives undertaking trade union duties in Harrow.

34. The initial consultation was followed by a second consultation on an alternative model. Neither obtained substantial agreement across all schools. As a result the LA withdrew its role of negotiating arrangements on behalf of academy and free schools.

35. The consultation proposed a revised formula for de-delegating/collecting and distributing funding for facilities time. The formula had not been reviewed since 2014 and in the view of the Trade Unions does not provide sufficient time to enable their duties to be carried out on behalf of school staff. The 2014 formula also did not include non-teaching unions.

36. The final consultation carried out in December 2021 proposed a funding model which is set out at Table 5 below. In respect of maintained schools,

Schools Forum members are required to vote to de-delegate per pupil funding from maintained school budgets.

37. There is no such mechanism for academies & free schools and as the response rate to the consultation was low and did not reflect a balanced view across the sector, the LA is stepping back from facilitating any pooling arrangements for academies & free schools.

38. It should be noted that any funding de-delegated from maintained schools can only be used to provide support to maintained school employees. Academies & free schools will be required to make their own arrangements.

39. As a reminder, any funding de-delegated is held centrally by the LA and then paid to schools to backfill Trade Union representatives undertaking TU duties. This funding is not given directly to the unions. Any unspent funding at the end of the financial year will be returned to the schools contingency.

Table 5 – proposed maintained schools TU duties funding model

Members	Days Per week	Backfill funding for Teacher	Backfill funding for Headteacher
0-500	0.5	£5,500	£9,000
501-750	1	£11,000	
750-1000	2	£22,000	
1000-1500	3	£33,000	
1501+	4	£44,000	

40. Under the proposed model at Table 5 the funding required to be de-delegated from maintained schools budgets in 2022-23 is £3.15 per pupil. This is set out in more detail at Table 6 below.

Table 6 – funding required to support TU duties for maintained schools

Union	Membership	Days per week	Funding required
NEU	717	1	£11,000
NASUWT	<500	0.5	£5,500
ASCL	<500	0.5	£9,000
NAHT	<500	0.5	£9,000
UNISON	681	1	£11,000
GMB	<500	0.5	£5,500
Total funding required			£51,000
Maintained schools pupil numbers October 2021 census			16,190
Funding required per pupil from each maintained school			£3.15

41. Maintained Schools Forum members are required to vote. The vote is split between maintained secondary and maintained primary members. If the vote results in agreement to the proposed model then this will apply to all maintained schools

42. It should be noted that the consultation on the proposed model resulted in the responses at Table 7.

Table 7 – December 2021 consultation responses maintained schools

Type	Number of Responses	YES	NO
Primary / Nursery Maintained	11 (29)	11	0
Secondary Maintained	2 (4)	2	0
Total	13 (33)	13	0

43. The total response rate was 39% with all respondents in agreement with the model.

High Needs Block

44. Table 8 shows the provisional High Needs Block allocation for 2022-23. This will be updated in year to reflect the revised import/export adjustments.

Table 8 – 2022-23 High Needs Block

Description	Value
High Needs Block Allocation (excl basic entitlement factor)	£39,192,856
Basic Entitlement Factor (excl TPG/TPECG)	£3,293,370
Basic Entitlement related to TPG/TPECG Special Schools	£436,202
Import/Export Adjustments (2020-21 figure)	-£1,578,000
Additional Funding for Special Free Schools	£12,000
Hospital Education	£212,859
AP & INMSS TPG/TPECG allocation	£130,445
Total HNB before academy recoupment	£41,699,732
Academy recoupment for SEN units, special schools and FE	-£1,500,000
Net High Needs Block 2022-23	£40,199,732

45. It should be noted that the import/export adjustment figure will be updated in June 2022 to reflect the January census.

46. As with the mainstream schools, the TPG/TPECG for special schools has also been rolled into the HNB funding formula and included in the basic entitlement. This totals £436k and is required to be passported to special schools. In addition, a further £130k lump sum has been added to the HNB for TPG/TPECG related to Alternative Provision settings and INMSS. Again, this must be passported to providers.

47. In 2022-23 there is an increase in funding of approx. £3.176m.

48. It is anticipated that the High Needs Block will also receive Supplementary Funding as a top up to the calculated funding in the above tables. This is expected to cover additional costs which have arisen since the original HNB funding formula was derived, including to support providers funded by the HNB in respect of the Health and Social Care Levy. More details regarding this funding will be published in Spring 2022.

Early Years Block

49. The government introduced a new National Funding Formula for Early Years from April 2017.

3 & 4 year old funding

50. The key points on LA funding of providers are that local authorities:

- Continue to set a single funding rate for both entitlements for three and four year olds (that is, both the universal 15 hours and the additional 15 hours for working parents).
- Must plan to spend at least 95% of the three and four year old funding on the delivery of the entitlements. We intend to continue to pass on 95% of the 3 & 4 year old funding to settings.
- May request that 95% requirement be dis-applied in specific, exceptional circumstances. We are not in a position to do this.
- Harrow provides a universal base rate for all types of provider in the formula.
- Must use a deprivation supplement in the funding formula, and any other supplements must fall within one of the allowable categories. The supplements we have chosen remain the same.
- Must not channel more than 10% of funding through funding supplements.

- Must provide a SEN Inclusion Fund (SENIF) for three and four year olds.
- Must pass on Early Years Pupil Premium (EYPP) and Disability Access Fund (DAF) in full to providers for eligible three and four year olds.

51. Harrow has already implemented all of the above principles in its EYSFF.

52. In 2022-23 the hourly rate per pupil that the LA receives will increase from £5.72 to £5.89.

53. It is proposed to distribute the additional funding through the existing formula structure and add it to the base rate. This also maintains the base rate at 90% of the factor funding and 10% allocated to supplements.

54. The base rate will increase from £5.16 in 2021-22 to £5.32 in 2022-23. The value of the supplementary factors will remain unchanged.

Table 9 – indicative 2022-23 EYSFF

Description	2022-23		
	Hourly	Pupils	Total
Total Early Years Block	£5.89	5,017.79	£16,846,226
5% LA Early Years Service Retention			£842,311
Funding available to providers	£5.60		£16,003,915
Top-slice SEN inclusion fund 5%			£800,196
Funding available to providers through formula	£5.32		£15,203,719
Base rate 90%	£4.81		£13,745,048
Supplements 10%	£0.51		£1,458,672
Funding available to providers through formula	£5.32		£15,203,719

2 year old funding

55. There is also a rate increase for the funding for 2 year olds. This will increase from £6.08 to £6.29 per hour from April 2022. The full increase will be passported to providers.

Other School Budgets

Supplementary Funding

56. The DfE has announced the new Schools Supplementary Grant for 2022-23. This is additional funding to provide support for the costs of the Health And Social Care Levy and wider costs. The grant is payable to all mainstream maintained schools, academies and free schools for pupils in nursery through to sixth form.

57. School level allocations will be published in Spring 2022. The additional funding will be payable as a separate grant in 2022-23 but will then be rolled into the National Funding Formula (for Reception to Y11) from 2023-24.

58. The nursery and post-16 elements will be allocated on a simple per pupil basis.

59. The reception to Y11 elements will be allocated on the following basis:

- a basic per pupil rate (with different rates for primary, KS3 and KS4)
- a lump sum for each school regardless of pupil numbers
- a per pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSM6) with different rates for primary and secondary pupils.
- an Area Cost Adjustment (ACA) will be applied to take into account geographical variation in labour costs.

60. The rates are as follows:

- Early Years £24 per pupil
- Primary £97 per pupil
- KS3 £137 per pupil
- KS4 £155 per pupil
- Lump Sum £3,680 per school
- FSM6 Primary £85
- FSM6 Secondary £124
- Post-16 £35

61. The indicative allocations have been calculated at Appendix D. It should be noted that these are indicative and will be updated to reflect the January 2022 Early Years Census for early years pupils and the student count data from the 2022-23 16 to 19 allocations for post-16.

Pupil Premium

62. Schools will continue to receive the Pupil Premium and funding rates have increased since 2021-22. Eligibility and funding rates are shown at Table 7.

Table 10 – Pupil Premium rates 2022-23

Category	2021-22 Value	2022-23 Value
Pupils in year groups reception to year 6 recorded as Ever 6 FSM	£1,345	£1,385
Pupils in years 7 to 11 recorded as Ever 6 FSM	£955	£985
Looked-after children (LAC) defined in the Children Act 1989 as one who is in the care of, or provided with accommodation by, an English LA	£2,345	£2,410
Children who have ceased to be looked after by a local authority in England and Wales because of adoption, a special	£2,345	£2,410

guardianship order, a child arrangements order or a residence order		
Pupils in year groups reception to year 11 recorded as Ever 6 service child or in receipt of a child pension from the Ministry of Defence	£310	£320

63. Other Grants

These will be announced in Spring 2022.

Section 3 - Contact Details

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Background Papers

Schools Forum Report – 19 November 2021

- Item 4 – DSG Budget Monitoring Q2 2021-22

Schools Forum Report – 14 September 2021

- Item 5 – DSG Budget Setting 2022-23