

Schools Management Forum

Report of: Dianne Nielsen

Subject: 2022/23 Dedicated Schools Grant (DSG)
Schools Block

Date: 12th January 2022

1.0 Purpose of the report

- 1.1 The purpose of this report is to provide an update to the forum on the Dedicated Schools Grant (DSG) Schools Block, National Funding Formulae (NFF) 2022/23.

2.0 Summary

- 2.1 2022/23 DSG Schools Block allocation is £121.6m, of which premises element recouped to fund school business rates is £753.1k.
- 2.2 From April 2022 the Education & Skills Funding Agency (ESFA) will pay school business rates direct to paying authorities.
- 2.3 Introduction of the School Supplementary grant of £3.7m paid as a separate grant in 2022/23.
- 2.4 Council request a 0.5% transfer from DSG School Block to DSG High Needs Block.
- 2.5 SMF to agree funding formula.
- 2.6 SMF to agree growth fund budget for 2022/23.
- 2.7 Submission of Authority Pro-forma Tool (APT) to the ESFA.

3.0 Background

- 3.1 The DSG is a ring fenced grant of which the Schools Block is part. The Schools Block is funding for schools. The only other funded elements allowed from the Schools Block is the growth fund and any transfer of funds from the Schools Block to another block (High Needs, Early Years or Central School Services Block). The growth fund, and any transfer from the Schools Block, requires agreement by the Schools Management Forum.

4.0 Schools Block National Funding Formula changes for 2022/23

4.1 The ESFA have confirmed the following key elements for the schools NFF in 2022/23

- The NFF funding units for the 2022/23 values (see table below).
- NFF factor values have increased by:
 - £10,000 to the maximum sparsity values
 - 3% to basic entitlement, free school meals at any time during the last 6 years (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum
 - 2% to the floor, the minimum per pupil levels and free school meals (FSM)
 - 0% on premises factors
- School sparsity distances now based on road distances, instead of straight-line distances, and a sparsity distance taper introduced in addition to the existing year group size taper.
- Data on pupils who have been eligible for Free School Meals Ever 6 (FSM6) is now taken from the October 2020 school census instead of January 2020 census, to bring it in line with arrangement for other NFF factors as well as pupil premium.
- In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy for the 2020 tests, following cancellation of assessment due to coronavirus (COVID-19).
- Pupils who joined a school between January 2020 and May 2020 attract funding for mobility based on their entry date, rather than May school census due to the May 2020 census not taking place due to coronavirus (COVID-19).
- School business rates will be paid by ESFA to billing authorities directly for all state funded schools from 2022/23 onwards.

4.2 Government have confirmed its intention to move to a single hard national funding formula. During 2021/22 the government started the consultation to move to a 'hard' NFF in the future, which will determine school funding allocations directly, rather than local funding formulae. The DfE have not yet advised of the implementation timetable. In 2022/23 this is to be set by the local authority in consultation with schools.

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4.3 Other changes to local authority formulae arrangements for 2022/23:-

- Can set a minimum funding guarantee (MFG) in local formulae between +0.5% and +2% per pupil.
- Local authorities can continue to be able to transfer up to 0.5% of the schools block to other blocks of the DSG, with schools forum approval.
- Local authorities are required to consult with all maintained and academy schools as well as their School Forum on any proposed changes to the local formula. Any changes will need to show the effect by school.
- School business rates have been adjusted to reflect actual 2021/22 rates within the formula and an estimate for 2022/23. This is the last financial year where school business rates can be adjusted in the formula. From 2022/23 the ESFA will pay school business rates direct to pay billing authorities.
- The formula is set by the Local Authority, which is to be submitted to the ESFA by 21st January 2022.

5.0 Middlesbrough's Schools Block 2021/22 and 2022/23

5.1 The following table below summarises the NFF unit rates issued by the ESFA for 2022/23:

Factor	NFF 21/22 £	NFF 22/23 £	Change £
PRIMARY			
AWPU - Primary	3,123.00	3,217.00	94.00
Minimum per pupil	4,180.00	4,265.00	85.00
FSM	460.00	470.00	10.00
FMS6	575.00	590.00	15.00
IDAC A	620.00	640.00	20.00
IDAC B	475.00	490.00	15.00
IDAC C	445.00	460.00	15.00
IDAC D	410.00	420.00	10.00
IDAC E	260.00	270.00	10.00
IDAC F	215.00	220.00	5.00
EAL	550.00	565.00	15.00
Mobility	900.00	925.00	25.00
Prior Attainment	1,095.00	1,130.00	35.00
Lump Sum	117,800.00	121,300.00	3,500.00
Sparsity	45,000.00	55,000.00	10,000.00
SECONDARY			
AWPU – KS3	4,404.00	4,536.00	132.00
AWPU – KS4	4,963.00	5,112.00	149.00
Minimum per pupil	5,415.00	5,525.00	110.00
FSM	460.00	470.00	10.00
FSM6	840.00	865.00	25.00
IDAC A	865.00	890.00	25.00
IDAC B	680.00	700.00	20.00
IDAC C	630.00	650.00	20.00
IDAC D	580.00	595.00	15.00
IDAC E	415.00	425.00	10.00
IDAC F	310.00	320.00	10.00
EAL	1,485.00	1,530.00	45.00
Mobility	1,290.00	1,330.00	40.00
Prior Attainment	1,660.00	1,710.00	50.00
Lump Sum	117,800.00	121,300.00	3,500.00
Sparsity – Secondary	70,000.00	80,000.00	10,000.00

6.0 Budget Allocations

- 6.1. The following DSG allocations for schools block received from ESFA on 16th December 2021:

Block	Total Schools Block (Excluding Growth & Rates) £'000	Premises £'000	Growth Funding £'000	Total Schools Block £'000
Schools	120,230.6	753.1	608.5	121,592.2

7.0 APT Submission

- 7.1 The revised dataset was received on 16th December 2021, and the modelling tool (APT) was received on the 20th December 2021 to enable local authorities to submit their funding formula in line with the 21st January 2022 deadline. Once submitted no changes can be made.
- 7.2 The final funding formula used the datasets provided by the ESFA, collected at the October 2021 census. The regulations stipulate that these datasets applied in completing the funding formula.

8.0 Schools Supplementary Funding 2022/23

- 8.1 Mainstream schools will receive an additional grant in 2022/23. Middlesbrough's indicative allocation is £3,681,254. The grant is to provide support in respect of costs as a result of the Health and Social Care Levy (for example increased national insurance employer contributions) and wider cost pressures. The indicative allocation has used preliminary data from the October 2021 census. Part of the allocation will depend on the number of FSM6 pupils. The FSM6 data will be available in early 2022 and final allocations published in spring 2022.
- 8.2 For 2022/23, payment is as a separate grant and does not form part of the APT submission. From 2023/24, it will be rolled into the schools NFF. For academies, in recognition of the funding cycle for academies, which follows the academic year (rather than the financial year, as for local authority-maintained schools), academies will receive an additional allocation of the schools supplementary grant to cover April to August 2023, this is the period in advance of the funding being rolled into academies' core budget allocations through the NFF.
- 8.3 Schools have the flexibility to prioritise their spending of the schools supplementary grant to best support the needs of the pupils and staff and address cost pressures, including those associated with the Health and Social Care Levy.

9.0 Middlesbrough's Schools Block Formula 2022/23

- 9.1 Due to the growing pressures relating to the significant increase in permanent exclusions since the start of September 21, the council are seeking 0.5% transfer between the DSG Schools Block and DSG High Needs Block, which amounts to £608k. Please see attached Appendix A from the Head of Resources for Inclusion and Support Services – Education & Partnership for more detail of why the Council are requesting a 0.5% transfer.

Proposed options:-

- Option 1 - 0.5% transfer from secondary schools KS3 & 4 AWPU rates, all other factor rates are applied at NFF
 - Option 2 - 0.5% transfer affect all key stages AWPU rate, all other factor rates applied at NFF.
- 9.2 Appendix B shows the impact on individual school budgets of the options proposed. The Minimum Funding Guarantee (MFG) in all scenarios has been set at 0.5% within Middlesbrough's school formula. This is the minimum the formula allows. No capping or scaling has been applied within the formula, in line with the NFF. Due to the effects of Secondary Units of Funding (SUF) and Primary Units of Funding (PUF) there is a pressure of £70.1k even if neither of the proposed options are approved, in order to enable the NFF rates to be applied in full and 0.5% MFG. In this scenario it is proposed to drawdown £70.1k from schools block reserves, which would leave £125.7k in DSG school block reserves (see paragraphs 10.1 and 10.2 which provide details of the £195.8k reserve).
- 9.3 Option 1 – request a 0.5% transfer from secondary schools only. To reduce the impact of the transfer on schools individual budgets, it is proposed to drawdown all of the 2021/22 £195.8k schools block reserve. This has resulted in a reduction in AWPU of £105.13 per pupil in key stage 3 & 4.
- 9.4 Option 2 – request a 0.5% transfer across all key stages. To reduce the impact of the transfer on schools individual budgets, it is proposed to drawdown all of the 2021/22 £195.8k schools block reserve. This has resulted in a reduction in AWPU of £34.13 per pupil across all key stages.
- 9.5 It is the case that due to the complexities of how the formula is calculated and schools individual characteristic it is not possible to 100% compare previous years formula's with proposals for 2022/23. An increase in one unit value will mean a school receives more/less funding, however due to how this affects the MFG any gain a school may receive from one unit maybe offset by the change in MFG. Therefore, when reviewing changes in individual schools budgets, consideration needs to be given to the overall formula changes. The biggest change from one year to the next are pupil numbers.

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9.6 Of the 49 schools,

- Option 1, only applies to secondary schools, of the eight secondary schools, 5 schools will receive a decrease in funding, 3 will remain the same as NFF.
- Option 2, applies to all primary and secondary schools, 34 schools will receive a decrease in funding and 15 will remain the same as NFF, if this option is applied.

9.7 The reason why some schools budgets do not change is due to the MFG and NFF.

9.8 Once the formula is agreed, APT submission to ESFA by the 21st January 2022 deadline. There may be the requirement from ESFA to make some minor adjustments on submission, after which this will become the budget allocations for schools in 2022/23.

10.0 Growth Fund

10.1 The funding set aside for Middlesbrough's Growth Fund in 2020/21 underspent by £195.8k, and was rolled forward in to 2021/22 to create the 2021/22 Middlesbrough Growth Fund budget. No growth funding was required in September 2021.

10.2 It is proposed to drawdown reserves of £195.8k to reduce the impact to schools, if either option 1 or option 2 agreed. If neither option 1 or 2 are agreed it is proposed to drawdown £70.1k to enable school budget shares to be at NFF and 0.5% MFG.

10.3 The 2021/22 schools block will underspend by £141.7k. This is due to the way the funding formula and how recoupment is applied. It is proposed to roll this forward to create the 2022/23 Middlesbrough Growth Fund budget.

10.4 There is a requirement of 30 year 7 places from September 2022. Therefore, a Growth Fund budget of £136k is required. This can be funded from the carry forward of the 2021/22 underspend and leaves a contingency of £5.7k.

11.0 Recommendations

11.1 Schools Management Forum to note the indicative school supplementary grant of £3,681,254, and that this is not part of the APT submission and this will be allocated separately in 2022/23, following FSM6 update in spring 2022. Note that this will form part of the NFF in 2023/24.

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- 11.2 School Management Forum (primary, secondary, special and PVI) vote on the funding formula options:-
- Option 1 – (secondary schools only) draw down £195.8k from reserves and transfer 0.5% from DSG Schools block to DSG High Needs block reducing key stage 3 & 4 AWPU rate by £105.13 and apply 0.5% MFG.
 - Option 2 – (all key stage schools) draw down £195.8k from reserves and transfer 0.5% from DSG Schools block to DSG High Needs block reducing all key stage AWPU rate by £34.13 and apply 0.5% MFG.
- 11.3 Schools Management Forum to note that if neither option is approved, in order to enable the NFF rates to be applied in full and 0.5% MFG, there would still a requirement to draw down £70.1k from schools block reserves.
- 11.4 Schools Management Forum members to approve the 2022/23 School Formula and submission of the final APT pro-forma to the ESFA.
- 11.5 Schools Management Forum members agree to roll forward the 2021/22 underspend of £141.7k and create the 2022/23 Growth Fund budget for 30 year 7 places.