

**REPORT TO:** Schools Forum

**DATE:** 13<sup>th</sup> October 2021

**REPORTING OFFICER:** Operational Director - Finance

**SUBJECT:** DSG funding for 2022-23

**WARDS:** Borough wide

## **1.0 PURPOSE OF THE REPORT**

To report to the Schools Forum the Dedicated Schools Grant provisional funding for 2022-23.

## **2.0 RECOMMENDATION: That**

- 2.1 The report is noted.
- 2.2 Schools Forum support the continuation of the National Funding Formula methods, principles and rules for mainstream primary and secondary school funding allocations for 2022-23.
- 2.3 Schools Forum agree to make a decision on the level of Minimum Funding Guarantee to be applied to the Schools Block funding formula for 2022-23 at the January meeting.

## **3.0 SUPPORTING INFORMATION**

### **3.1 Grant settlement**

The provisional Dedicated Schools Grant settlement was announced on 19<sup>th</sup> July giving Halton a total of £125,445,437 for the Schools Block, Central Schools Services Block and High Needs Block for 2022-23.

The DfE have indicated that the Early Years Block provisional settlement for 2022-23 will be announced in December.

### **3.2 Schools Block**

The Schools Block provisional allocation is £101,792,648, based on the October 2020 census data. The DfE have uplifted the cash values of most factors within the National Funding Formula so our Primary Unit of Funding is increasing to £4,959.8786 from £4,836.7939 for 2021-22 and the Secondary Unit of Funding is increasing to £6,251.1086 from £6,017.7572 for 2021-22.

These PUFs and SUFs for 2022-23 will be multiplied by the number of primary and secondary age pupils in the October 2021 census to give our final Schools Block allocation which will be announced shortly before Christmas. The Schools Block allocation for 2021-22 is £99,050,733.

Please note that the PUFs and SUFs are used solely to calculate the amount of funding due to the LA and do not represent any individual Schools Block funding formula factor.

The DfE provided models of what each school would receive using the uplifted NFF cash values against the October 2020 census data and this was shared with schools as part of the Schools Block consultation.

### 3.3 Central Schools Services Block

The provisional CSSB allocation is £706,016 based on pupil numbers on the October 2020 census plus £24,115 for the Historical funding giving a provisional total of £730,131. Once again, the final allocation will be based on the October 2021 census data. The Historic commitment funding has again reduced by 20% and as this is used to fund the Safeguarding post, the balance required to be met by schools & academies will also increase, as previously agreed. The CSSB allocation for 2021-22 is £698,980.

The individual budgets to be funded from the CSSB for 2022-23 will be presented at the January meeting.

### 3.4 High Needs Block

The High Needs Block allocation has been announced as £22,922,657 before recoupment. We estimate the recoupment will be £3,276,000 for the per place funding in special academies, resource bases in academies as well as places in non-maintained special schools. That would leave £19,646,658 coming to Halton for distribution. The High Needs Block allocation for 2021-22 is £18,328,788 after recoupment.

While this increase of roughly £1.3M is very welcome, we are currently working with a DSG deficit of £995k from 2020-21 and a further deficit for 2021-22 of £1,193,032, giving an overall expected deficit of £2,188,774 at the end of the current financial year. In-year High Needs Block spend this year is expected at £19,565,202. With full year costs of new placements and staff pay uplifts, the £1.3M increase will be insufficient to cover all costs in 2022-23.

A separate consultation is underway to consider a transfer from the Schools Block to the High Needs Block to support the pressure on the High Needs budgets, in particular the Top-up funding budget, the Inter Authority placement budget and the Independent & Non-maintained Special School budget which continue to overspend.

The individual High Needs Block budgets will be presented at the February meeting.

### 3.5 Schools Block Consultation

A consultation was issued early in September on the Schools Block funding formula to be used in Halton for 2022-23. The consultation is attached at Appendix A and the detailed responses at Appendix B.

Of the eight schools that responded, all were in agreement with the continuation of following the NFF funding factors and criteria.

### 3.6 Minimum Funding Guarantee

The MFG continues to have a permissible range of plus 0.5% to plus 2.0%, meaning that a school's per pupil amount must increase by a minimum of 0.5% compared to the previous year.

As stated in the consultation document, it is impossible to say what level of MFG we can afford until the October 2021 census data and final grant allocation is received. The grant settlements are typically released less than a week before Christmas, so with the Council's Christmas closedown period it will be mid-January before the final calculations are completed.

Of the eight schools that responded, all were in agreement with the MFG being set at the January meeting.

### 3.7 Schools Block Funding Formula

It is proposed to continue to follow the National Funding Formula, using the NFF cash values where possible. It is impossible to say at this point in time if our final Schools Block grant allocation will be sufficient to fully fund at the NFF cash values. This will only be known in January once the final calculations are completed.

Should the proposal to transfer 1% of the Schools Block to the High Needs Block be agreed this will be deducted from the Basic Entitlement factor only, so that it is fairly and equitably applied to all schools.

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 Further savings and reducing overspends are essential to getting back to a balanced DSG position. Should the 1% transfer of Schools Block funding be refused, the Invest to Save proposals will not be able to go ahead and some budgets may need to be reduced to start reducing the overall DSG deficit.

## **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **5.1 Children & Young People in Halton**

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

**5.2 Employment, Learning & Skills in Halton**

None.

**5.3 A Healthy Halton**

None.

**5.4 A Safer Halton**

None.

**5.5 Halton's Urban Renewal**

None.

**6.0 RISK ANALYSIS**

6.1 We need to comply with the regulations otherwise could have formula imposed on us.

**EQUALITY AND DIVERSITY ISSUES**

**7.0**

The Local Authority must discharge its statutory responsibilities in relation to all

7.1 schools and settings.

## Consultation on the Schools Block Funding Formula

### Funding Formula

We are required to consult with schools and academies on the method, principles and rules adopted for the funding formula to be applied to primary and secondary schools and academies. We are NOT consulting on the cash values for each factor, simply which factors we use and the criteria to use where there is a choice.

As you will be aware, for the past three years we have followed the National Funding Formula (NFF) method, principles and rules. We are recommending that we continue this. The NFF for 2022-23 is as detailed below:

| <u>Factor</u>                     | <u>Criteria</u>  | <u>Primary NFF value 22-23</u>                           | <u>Secondary NFF value 22-23</u>                         |
|-----------------------------------|--|--|--|
| Basic per Pupil                   | A set level of funding for each pupil. For 2022-23 this factor has been uplifted by 3% since the 2021-22 NFF   | £3,217   | £4,536 KS3<br>£5,112 KS4                                 |
| Deprivation - FSM                 | Funding for pupils who are currently eligible for FSM.   | £470   | £470   |
| Deprivation – FSM Ever 6          | Funding for pupils who have been eligible for FSM at some point in the previous 6 years.   | £590   | £865   |
| Deprivation – IDACI               | Income Deprivation Affecting Children Index. Funding is based on the deprivation level assigned to each pupil's home post code, banded A to G. However funding is only allowed for bands A to F.               | F £220<br>E £270<br>D £420<br>C £460<br>B £490<br>A £640 | F £320<br>E £425<br>D £595<br>C £650<br>B £700<br>A £890 |
| Low Prior Attainment              | Primary – where pupils have not achieved the expected level of development at EYFSP.<br>Secondary – where pupils have not achieved the expected standard in KS2 at either reading, writing or maths.           | £1,130   | £1,710   |
| English as an Additional Language | Pupils identified with a first language other than English can be funded for up to the first three years of statutory schooling. We fund for the maximum period of three years.                                | £565   | £1,530   |
| Pupil Mobility                    | Provides funding for pupils who enter a school other than at the start of Autumn Term. A minimum threshold applies of 6% of pupil numbers. Not used in Halton due to extremely low number of schools affected. | £925   | £1,330   |

|                                    |   |  |  |
|------------------------------------|---|--|--|
| Sparsity                           | Funding for small schools located in areas where pupils would have to travel a set minimum distance to the next nearest school. Not used in Halton. | Year Group size and distance tapers as per DfE | Year Group size and distance tapers as per DfE |
| Minimum Level of Per-pupil funding | A mandatory factor. <i>Combines all pupil-led factors and is not a stand-alone amount.</i>  | £4,265   | £5,525   |
| Total Pupil-led factors            | Each LA is required to allocate at least 80% of the delegated Schools Block funding through the above pupil-led factors.                            |  |  |
| Lump Sum                           | An amount per school up to a maximum of £175,000. Can be different for primary and secondary schools.   | £117,838.45                                    | £117,838.45                                    |
| Split Sites                        | No schools in Halton are eligible for funding under this factor.  |  |  |
| LA Rates                           | LA Rates  | 2021-22 value uplifted by 2.5%                 | 2021-22 value uplifted by 2.5%                 |
| PFI contracts                      | A factor to support schools that have unavoidable premises costs due to being a PFI school. In Halton we use a per pupil rate.                      | £213.55  | £213.55  |
| Exceptional Premises               | In Halton, this is for the joint use of leisure facilities by contractual agreement with one school.  |  | £148,702                                       |
| Minimum Funding Guarantee          | The MFG can be set between +0.5% and +2.0%.   |  |  |

### Cash values

We are not required to consult on the cash values attributed to each factor, however we can share with you the NFF values as above. The final cash values used are dependent upon the pupil data and final grant allocation which will both be released mid-December.

The cash values for 2022-23 are also dependent upon the outcome of a separate consultation on a proposal to transfer an amount of Schools Block funding to the High Needs Block. It is expected that this separate consultation will be issued in early October.

The DfE have uplifted by 3% the NFF cash values for basic entitlement, FSM6, IDACI, LPA, EAL and the lump sum. The Funding Floor, MPPL and FSM factors

have been uplifted by 2%. No uplift has been applied to premises factors, except for PFI which has increased by RPIX (3.17%).

### **Exceptional Circumstances factor**

The Exceptional Circumstances factor has been used to provide funding to Ormiston Bolingbroke Academy for the Joint Use of Brookvale Recreation Centre. This is an historic agreement for which we gained permission to use this factor for 2016-17. The DfE allow the continuation of the factor for six years after agreement is given so we are now required to reapply for permission. The factor is now uplifted each year by the same RPIX percentage as applied to the PFI factor, set by the DfE for 2022-23 at 3.17%.

As per the terms of a general disapplication request, we are required to consult with the school affected by this factor and Schools Forum.

### **Minimum Funding Guarantee**

The Minimum Funding Guarantee remains in place for 2022-23 and continues to have a permissible range of plus 0.5% to plus 2.0%. The MFG is calculated to a per pupil amount which cannot be less than the previous year's per pupil amount multiplied by the MFG factor. This means that a schools' per pupil amount must increase by a minimum of 0.5% to 2.0% compared to the previous year.

It is impossible to say what MFG level we will require, or can afford at this point in time. This can only be calculated when the final grant allocation and pupil data is received. The grant settlement is typically released just a few days before Christmas. As the Council requires most staff to take unpaid leave between Christmas and New Year, there is insufficient time to allow the calculations to be completed, options modelled, a new consultation paper prepared, issued and responses received and considered before Schools Forum in January and the statutory DfE submission deadline. Therefore, as in previous years, we are asking that you agree to Schools Forum approving the MFG level at the January meeting when the Schools Block indicative budgets will be presented. If we do not submit a proposed Schools Block funding formula to the DfE by the deadline of 21<sup>st</sup> January it is possible that the DfE will impose a funding formula on us. As in previous years, we will always strive to give the maximum MFG possible based upon the actual grant settlement.

### **Indicative Schools Block budgets**

The attached spreadsheet issued by the DfE shows the impact of the updated 2022-23 NFF formula and cash values. This is based on your October 2020 census data and therefore is not the amount of funding you will receive.

### **Consultation questions**

1. Do you agree that we continue to adopt the NFF method, principles and rules adopted for the funding formula to be applied to primary and secondary schools and academies?

Yes/No

If no, please explain what you would prefer to use:

|  |
|--|
|  |
|--|

2. Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee at the January meeting?

Yes/No

If no, please explain how you think agreement should be reached within the timescales set by the DfE:

Please respond no later than **5pm on Friday 24<sup>th</sup> September 2021** to ensure your feedback can be fed back to Schools Forum and subsequently to the Executive Board of the Council.

**Responses to be e-mailed to [anne.jones@halton.gov.uk](mailto:anne.jones@halton.gov.uk)**



## Appendix B

| Schools Block Consultation - Funding formula for 2022-23 |             |     |         |     |         |   |
|--|-------------|-----|---------|-----|---------|---|
| Issued 09-09-21  |             |     |         |     |         |   |
|  | Response da | Q1  | Comment | Q2  | Comment |   |
| Victoria Rd  | 09/09/2021  | Yes | -       | Yes | -       |   |
| Gorsewood  | 13/09/2021  | Yes | -       | Yes | -       |   |
| St Gerards   | 12/09/2021  | Yes | -       | Yes | -       |   |
| All Saints Upton   | 21/09/2021  | Yes | -       | Yes | -       |   |
| The Grange   | 16/09/2021  | Yes | -       | Yes | -       |   |
| OCA  | 24/09/2021  | Yes | -       | Yes | -       |   |
| Wade Deacon  | 17/09/2021  | Yes | -       | Yes | -       |   |
| Sandymoor  | 24/09/2021  | Yes | -       | Yes | -       |   |
| Responses  |             | 8   | 8       |     |         | 8 |