

SOUTHAMPTON CITY COUNCIL
Schools Forum – 19th January 2022

Subject: 2022-23 Schools Revenue Funding Arrangements and Dedicated Schools Grant

Purpose of report.

1. To provide details of the 2022-23 DSG allocation.
2. Recommendation:
It is recommended that the Schools Forum note and approve;
 - The final stage APT (Authority Proforma Tool) submission to the Education and Funding Skills Agency (ESFA) by the 21st January 2022 for the Individual Schools Block allocations.
 - Central School Services Block Allocations
3. Agree on treatment of surplus on Schools Block. To either
 - fund growing schools who do not receive funds for existing pupils until the following financial year,
 - and/or a transfer to the Central Services budget to compensate for the ongoing reduction in funding,
 - and/or a transfer to the High Needs Block to reduce the DSG deficit in the same way as the surplus was used in 2021-22.

Please note these figures are provisional and subject to acceptance by the EFSA.

DSG Block Funding Allocations for 2022-23:

1. Schools Block:

Dedicated Schools Grant	2022-23	2021-22	Increase/ (Decrease)
	£'000	£'000	£'000
Schools Block	168,239	163,335	4,903
High Needs Block	33,021	29,270	3,751
Central School Services Block	1,743	1,847	(103)
Early Years Block	15,961	16,542	(581)

Note on Surplus Funding in the Schools Block:

The APT has been modelled at full National Funding Formula 'NFF' with the Local Factor adjustments as described below. As the allocation to schools with the model is lower than the funding allocation of £168,239k we are expecting a surplus of £341k. It is proposed the surplus is used to either

- fund growing schools who do not receive funds for existing pupils until the following financial year,

- and/or a transfer to the Central Services budget to compensate for the ongoing reduction in funding,
- and/or a transfer to the High Needs Block to reduce the DSG deficit in the same way as the surplus was used in 2021-22.

Schools Forum recommendations are sought on treatment of any surplus.

Schools block - provisional allocation	2022-23	2021-22
<i>subject to agreement by EFSA</i>	£'000	£'000
Basic	122,199	117,073
Deprivation	20,583	18,782
EAL/Mobility	2,717	2,444
Prior attainment	11,193	10,864
Lumpsum	8,242	8,004
Split sites	57	85
Rates adjustment	(1)	1,853
PFI	739	739
Min per pupil	523	709
MFG	1,645	2,544
Total allocated to schools	167,897	163,097
Total funding	(168,239)	(163,335)
Surplus	(341)	(239)

NFF Factors – Notes and Guidance:

Please note that schools will receive a full breakdown of their final budget allocation showing the elements for each of the factors once the APT is agreed by the EFSA. Provisional budget allocations will be sent to schools before 17th January 2022.

Pupil Led Factors:

Basic entitlement: (Compulsory)

- Based on pupil numbers as per the October 2021 census:
- Funding is allocated according to an age-weighted pupil unit (AWPU)

Minimum per pupil amount: (Compulsory)

The Minimum Per Pupil Levels (MPPLs) remain mandatory, at the new NFF values of £4,265 primary and £5,525 secondary.

Additional Needs Factors:

Deprivation (Compulsory)

- This factor allocates funding based on the additional needs of the specific child
- Local authorities can use free school meals (FSM), the income deprivation affecting children index (IDACI), or both, to calculate the deprivation factor.

Note: SCC uses both factors.

Low Prior Attainment: (Optional)

- The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs.

- Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- Secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths

Note: There are 55 Primary schools (£6.3m) and 12 Secondary schools (£4.8m) where this factor has been applied for a total £11.1m

English as an additional language (EAL): (Optional)

- Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system.

Note: There are 55 Primary schools (£1.9m) and 12 Secondary schools (£0.68m) where this factor has been applied.

Mobility: (Optional)

- The mobility factor allocates funding to schools with a high proportion of pupils who first joined on a non-standard date in the last three years.
- From 2020 to 2021, a new methodology is applied to allocate this funding on a formulaic basis.
- To be eligible for mobility funding, the proportion of mobile pupils a school has must be above the threshold of 6%, funding is then allocated on a per-pupil amount to all mobile pupils above that threshold.

Note: There are 13 Primary schools and 2 Secondary schools with a total mobility factor of £0.14m

School Led Funding Factors:

Lump sum: (Optional)

- Local authorities can set a flat lump sum for all phases or differentiate the sums for primary and secondary.
- The maximum lump sum is £175,000, even for schools that receive a London fringe uplift.

Note: SCC have used a lump sum of £123,021 per school.

Split site: (Optional)

- The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites
- Allocations must be based on objective criteria for the definition of a split site, and for how much is paid.

Note: SCC have used a flat rate of £28,452 for 2 Split Site Primary schools

Business Rates: (Optional)

- In 2022-23 business rates will be paid directly to the local authority although they are included in the APT calculations. Local authorities must fund rates at their estimate of the actual cost
- Local authorities can adjust rates during the financial year, but this must be done outside of the funding formula. Any adjustments are then entered in the funding for the next year so that year on year the effect on the school would be zero.

Note: The business rates multiplier has been frozen for 2022-23 so the charges for Business Rates £1.8m will be the same as for 2020-21 unless there have been changes to the property.

Private Finance Initiative (PFI): (Optional)

- The purpose of this factor is to support schools that have unavoidable extra premises costs, because they are a PFI school, and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority.

Note: SCC Have included this factor for its 3 PFI schools whose total cost is £738,900. With School's Forum approval (Nov 2021) this funding has been protected to ensure the schools receive the full value in their funding allocation.

Minimum funding guarantee (MFG)

- The MFG applies to pupils in reception to year 11. Early years pupils, and post-16 pupils are excluded from the calculation.

Note: The max MFG rate of 2.0% has been used this year, as in 2021-22).

Growth fund:

The overall schools DSG grant in 2022-23 includes an element of £1.1m for growth funding.

SCC is responsible for funding the following growth needs for all schools in Southampton, for new and existing maintained schools and academies. The growth fund is used to:

- a) Support growth in pre-16 pupil numbers to meet basic need
- b) Support additional classes needed to meet the infant class size regulation
- c) Meet the costs of new schools.

The following school has qualified for Growth funding:

Woodlands Community College – for an extra half class – Band 2 £25,754.

A further provision is proposed for expected growth funding at St Marks in September 2022, as it becomes an all through school. 180 places for new pupils in Year 7 have been planned for September 2022. The funding is currently provisional as it depends on the number of pupils who join the school in September 2022 and will be calculated in accordance with the growth funding policy as previously agreed at School Forum.

It is proposed any surplus in the growth fund will be held in reserve for future years funding at eligible schools.

NFF Rates updated for 2022/23

NFF - APT 2022-23					
Area Cost Adjustment: Multiplier applied to basic per pupil, additional needs and school led funding.					
In 2021-22 it was 1.01416 and in 2022-23 it is 1.01419					
Factors	Unit Values	Adjusted Unit Value	Unit Values	Adjusted Unit Value	% Increase
	2021-22	2021-22	2022-23	2022-23	
	£	£	£	£	
BASIC PER PUPIL FUNDING					
AVPU					
Primary	3,123	3,167	3,217	3,263	3.0%
KS3	4,404	4,466	4,536	4,600	3.0%
KS4	4,963	5,033	5,112	5,185	3.0%
Minimum Per Pupil Funding					
Primary	4,180	4,180	4,265	4,265	2.0%
Secondary	5,415	5,415	5,525	5,525	2.0%
ADDITIONAL NEEDS FUNDING:					
Deprivation					
Primary - FSM	460	467	470	477	2.2%
Secondary - FSM	460	467	470	477	2.2%
Primary - FSM6	575	583	590	598	2.6%
Secondary - FSM6	840	852	865	877	3.0%
Primary IDACI A	620	629	640	649	3.2%
Primary IDACI B	475	482	490	497	3.2%
Primary IDACI C	445	451	460	467	3.4%
Primary IDACI D	410	416	420	426	2.4%
Primary IDACI E	260	264	270	274	3.8%
Primary IDACI F	215	218	220	223	2.3%
Secondary IDACI A	865	877	890	903	2.9%
Secondary IDACI B	680	690	700	710	2.9%
Secondary IDACI C	630	639	650	659	3.2%
Secondary IDACI D	580	588	595	603	2.6%
Secondary IDACI E	415	421	425	431	2.4%
Secondary IDACI F	310	314	320	325	3.2%
Low Prior Attainment					
Primary	1,095	1,111	1,130	1,146	3.2%
Secondary	1,660	1,684	1,710	1,734	3.0%
English as an Additional Language					
Primary	550	558	565	573	2.7%
Secondary	1,485	1,506	1,530	1,552	3.0%
Mobility					
Primary	900	913	925	938	2.8%
Secondary	1,290	1,308	1,330	1,349	3.1%
SCHOOL LED FUNDING					
Lump Sum					
Primary	117,800	119,468	121,300	123,021	3.0%
Secondary	117,800	119,468	121,300	123,021	3.0%

2. High Needs Block:

Introduction

- High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant, and School and Early Years Finance Regulations. High needs funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA).
- The high needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and institutions to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality AP for pre-16 pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream or special schools. The high needs funding block provides local authorities with resources for place funding and top-up funding for institutions, and funding for high needs services delivered directly by the local authority or under a separate funding agreement with institutions (including funding devolved to institutions), as permitted by regulations

High Needs Working Group: A working group made up of stakeholders from the Local Authority and school’s representatives meets regularly to look at all aspects of the service to identify and implement more effective ways of working and opportunities to reduce expenditure and recover the deficit from the DSG. The main areas of focus currently are; to increase the local provision of places to reduce the number of pupils being placed in more expensive Out of City placements, reduce the number of EHCP’s through earlier prevention strategies and to reduce the number of exclusions. The Group will provide an update on budget allocations from the High Needs Block and other progress at Schools Forums.

The 2022-23 High Needs block is shown below.

	Places	2022-23	Places	2021-22
High Needs Block		£'000		£'000
Total high needs block		37,890		33,974
less academy place funding	486	(4,870)	410	(4,705)
High Needs block for SCC places and top up funding		33,021		29,270

The budget allocation will be considered separately by the High Needs working party on 17th January 2022 and presented to Schools Forum.

3. Early Years Block:

EY NFF – 2022/23 for information

Introduction:

Since its introduction in April 2017, the EYNFF has set the hourly funding rates that each local authority is paid to deliver the universal and additional entitlements for 3 and 4-year-olds. There is a separate formula that sets the hourly funding rates for 2-year-olds.

The Department for Education (DfE) provides local authorities with 6 relevant funding streams which together form the early years block of the dedicated schools grant (DSG). They are:

- The 15 hours entitlement for disadvantaged 2-year-olds
- The universal 15 hours entitlement for all 3 and 4-year-olds
- The additional 15 hours entitlement for eligible working parents of 3 and 4-year-olds
- The early years pupil premium (EYPP)
- The disability access fund (DAF)
- Maintained nursery school (MNS) supplementary funding

Maintained Nursery Schools (MNS):

Local authorities with MNS will continue to receive supplementary funding for the 2022-23 financial year. This funding is provided in order to enable local authorities to protect their 2016-17 funding rates for the universal 15-hour entitlement for MNS (that is, the rates that existed before the EYNFF). Indicative/conditional supplementary funding allocation for a maintained nursery school is £56,807. (£65,744 in 2021-22).

Early years block	2022-23		2021-22	
	Pupils	Rate £/hr	Pupils	Rate £/hr
For pupils aged 2 years	602	5.80	710	5.59
For pupils aged 3/4 years - basic 15 hours	3,209	5.42	3,458	5.25
For pupils aged 3/4 years with 30 hours	1,203	5.42	1,212	5.25
		£'000		£'000
Early Years Block		<u>15,961</u>		<u>16,542</u>

4. Central School Services Block:

The CSSB provides funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:

Historic commitments

DSG MASH Contribution (Preventative Social Care) is a historic commitment. The EFSA have reduced the funding for historic commitments each year since 2021-22 by 20%.

Ongoing responsibilities

A detailed list of retained responsibilities for Statutory and Regulatory Duties funded from the CSSB is shown below.

The funding for Central Schools Services has therefore reduced again in 2022-23 by a further £103k.

Charges for National Copyright licences have increased by £5k.

This leaves a shortfall of £107k for the 2022-23 budgets which could be funded by the surplus from the school's budgets if schools forum recommended this option.

	2022-23	2021-22
	£'000	£'000
Central School Services		
Ongoing	1,422	1,445
Historic - eg MASH	321	401
	<u>1,743,444</u>	<u>1,846,501</u>

Allocations:

Historic Commitments:	£'000s
DSG MASH Contribution	401
Ongoing Responsibilities:	
Admissions Team	422
National Copyright Licences	156
**Statutory and Regulatory Duties (see list below)	871
	1,850
Shortfall	(107)
Available funding	1743

****Central School Services Block – Statutory and Regulatory Duties Responsibilities held for all schools**

Statutory and regulatory duties:

- Director of children's services and personal staff for director (Sch 2, 15a)
- Planning for the education service as a whole (Sch 2, 15b)
- Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)
- Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)
- Formulation and review of local authority schools funding formula (Sch 2, 15d)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)
- Consultation costs relating to non-staffing issues (Sch 2, 19)
- Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)
- Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)
- Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)

Education welfare

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)
- School attendance (Sch 2, 16)
- Responsibilities regarding the employment of children (Sch 2, 18)

Asset management

- Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)
- General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)

Other ongoing duties

- Licenses negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require school's forum approval
- Admissions (Sch 2, 9)
- Places in independent schools for non-SEN pupils (Sch 2, 10)
- Remission of boarding fees at maintained schools and academies (Sch 2, 11)
- Servicing of school's forums (Sch 2, 12)
- Back-pay for equal pay claims (Sch 2, 13)
- Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23)

Historic commitments

- Capital expenditure funded from revenue (Sch 2, 1)
- Prudential borrowing costs (Sch 2, 2(a))
- Termination of employment costs (Sch 2, 2(b))
- Contribution to combined budgets (Sch 2, 2(c))

Responsibilities held for maintained schools only

Statutory and regulatory duties

- Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 58)
- Budgeting and accounting functions relating to maintained schools (Sch 2, 74)
- Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 59)

- Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 60)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 61)
- Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 62)
- Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 63)
- Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 64)
- Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 77)
- HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 65); determination of conditions of service for non-teaching staff (Sch 2, 66); appointment or dismissal of employee functions (Sch 2, 66)
- Consultation costs relating to staffing (Sch 2, 68)
- Compliance with duties under Health and Safety at Work Act (Sch 2, 69)
- Provision of information to or at the request of the Crown relating to schools (Sch 2, 70)
- School companies (Sch 2, 71)
- Functions under the Equality Act 2010 (Sch 2, 72)
- Establish and maintaining computer systems, including data storage (Sch 2, 73)

- Appointment of governors and payment of governor expenses (Sch 2, 74)

Education welfare

- Inspection of attendance registers (Sch 2, 80)

Asset management

- General landlord duties for all maintained schools (Sch 2, 78a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:
 - appropriate facilities for pupils and staff (including medical and accommodation)
 - the ability to sustain appropriate loads
 - reasonable weather resistance
 - safe escape routes
 - appropriate acoustic levels
 - lighting, heating and ventilation which meets the required standards
 - adequate water supplies and drainage
 - playing fields of the appropriate standards
- General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)
- Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)

Central support services

- Clothing grants (Sch 2, 54)
- Provision of tuition in music, or on other music-related activities (Sch 2, 55)
- Visual, creative and performing arts (Sch 2, 56)
- Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 57)

Premature retirement and redundancy

- Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 79)

Monitoring national curriculum assessment

- Monitoring of National Curriculum assessments (Sch 2, 76)

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