

Agenda Item



Report Status

For information/note
For decision

Report to Haringey Schools Forum – 21st October 2021

Report Title: Dedicated Schools Budget Modelling for 2022-23

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Purpose:

1. To propose the process for Dedicated Schools Grant (DSG) to all Haringey schools on the funding formula for the financial year 2022/23.

Recommendations:

- a. Note the changes to the 2022/23 National Funding formula highlighted in Section 2
- b. Schools Forum to agree that the DSG working group confirms the final 2022/23 DSG allocation models for consultation with schools in November 2021 as outlined in Section 3
- c. Schools Forum to note indicative proposed models in Section 4 to consult with schools during November 2021.
- d. Schools Forum to agree to delegate to the DSG working group consideration and decision on the disapplication request to the ESFA/SoS for a £68k second year lump sum payment to Tiverton or protection through use of Growth Fund.

1 Introduction.

- 1.1 In July 2017, the Department for Education (DfE) announced the introduction of the National Funding Formula (NFF) which was supported by additional investment of £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23 compared to 2019-20. The additional funding over the last two years, has enabled the council to maintain per-pupil spending from the schools block of DSG. However, the high needs block additional funding has not been sufficient to the year on year increasing demand and increased cost of specialist provision.
- 1.2 This paper sets out the strategy for Dedicated Schools Grant (DSG) formula for schools' budget share allocations for the financial year 2022-23.
- 1.3 The DfE policy document published on 14th September 2017 and last updated on 19th July 2021 which sets out the background and principles of the new NFF for schools can be found at:

www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs

- 1.4 The DSG is currently divided into four notional blocks: Schools Block, High Needs Block, Early Years Block, and Central School Services Block.
- 1.5 The details of national funding formulae for schools and high needs for 2022-23 is published by the DfE in July 2021 on the following link:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003492/2022-23_NFF_Policy_Document.pdf
- 1.6 The shift to a 'hard' formula, without local input has not yet been implemented by the DfE and the DfE has announced that there will be no changes for 2022-23.

2 Changes in funding level for 2022-23.

- 2.1 The basic structure of the schools National Funding Formula (NFF) is not changing in 2022-23. There are a small number of changes in existing factors of the formula in 2022-23, listed in this section.
- 2.2 Increase in funding factors values nationally:
 - The basic per pupil funding factor (AWPU: Age Weighted Pupil Unit), additional needs factors and the school lump sum increased by 3% from 2020/21 expenditure levels.
 - The minimum per pupil levels and the NFF funding floor are increasing by 2%. This means that every school will attract an increase in their pupil-led funding of at least 2% per pupil, compared to their 2020/21 baseline.
 - No changes in premises funding.
 - The per pupil provisional percentage change in 2022-23 over 2021-22 NFF baseline for Haringey is 2.33%. However, London schools are not at the funding

floor and so typical provisional increases for Haringey schools is in the range 1.3% – 1.6%

2.3 Further changes to NFF factors

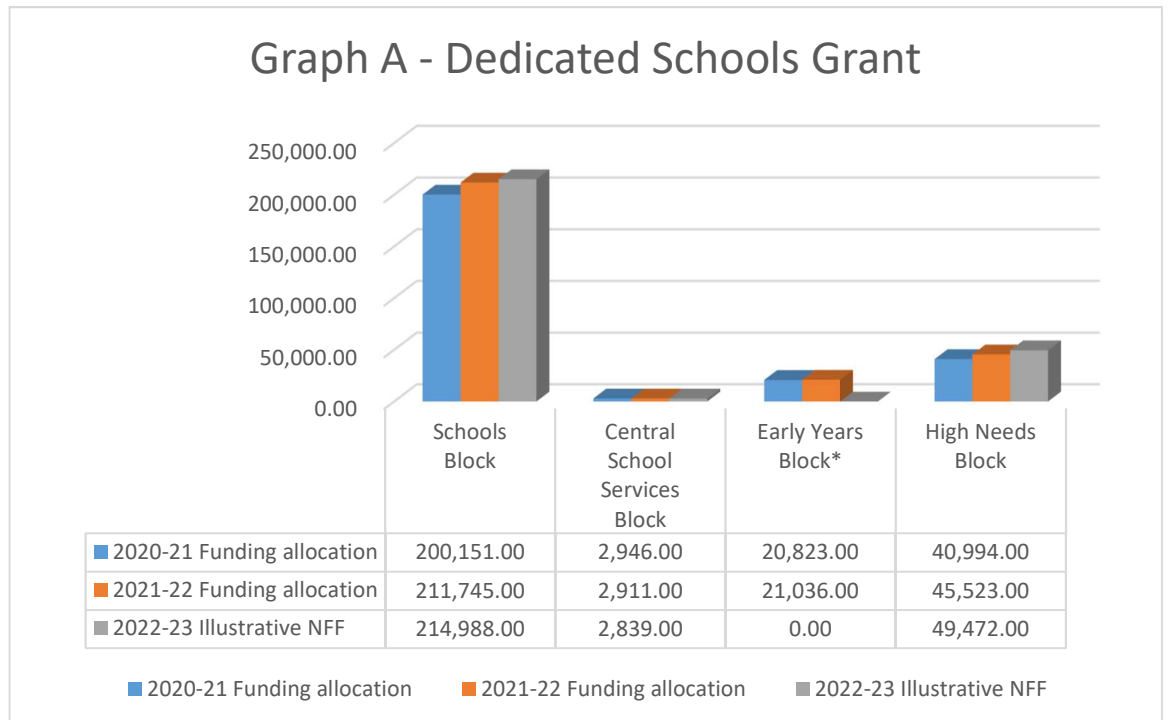
- Free School Meals Ever 6 (FSM6) in the NFF provides additional funding for pupils that have been recorded as eligible for free school meal at any point in the last 6 years. The census data point has been brought forward from January 2021 to October 2020 for 2022-23 funding allocations. Schools that had an increase in FSM6 during these 3 months will miss out on additional funding for a year.
- For the low prior attainment (LPA) factor in the NFF, data from the 2019 Early Years Foundation Stage Profile (EYFSP) and key stage 2 (KS2) assessments have been used as a proxy for the 2020 assessments, following the cancellation of these assessments due to the pandemic.
- Likewise, due to the cancellation of the May 2020 census, eligibility for the mobility factor is based pupils who joined a school between January and May 2020.
- The business rates payment system for schools will be centralised and ESFA will pay billing authorities directly on behalf of state funded schools from 2022-23 onwards. This reduces the administration for schools.

2.4 Key features to the local funding formulae

- Local authorities will continue to set a minimum funding guarantee in local formulae, which in 2022-23 must be between +0.5% and +2%.
- Local authorities will again be able to transfer up to 0.5% of their total school's block allocations to other blocks of the Dedicated Schools Grant (DSG), with school's forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without school's forum approval.
- DfE will calculate the actual value of DSG funding allocation for all local authorities and the schools' block will be calculated using these factor values using October 2021 census data when available.

2.5 Changes to the formula funding will be presented in January 2022 Schools Forum following the consultation with all Haringey primary and secondary schools in November 2021.

2.6 The graph below demonstrates the indicative DSG budget for 2022-23. The Roll Up Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) has been included in the indicative allocations for 2021/22 and 2022/23. The graph below shows the comparison over the last 3 years of the funding blocks:



* Early Years Block allocation for 2022-23 is yet to be confirmed.

** From 2021/22 the Schools Block allocation included previous separate grants for teachers pay and pensions.

3 Approach to consultation with schools on 2022/23 Schools Funding

- 3.1 The members of DSG working group have met to review possible model options for the funding formula for 2022-23. In light of the recent consultation on the implementation of the hard NFF, further modelling was requested by the Chair of the DSG working group to consider the effect of moving closer to, or adopting, the hard NFF values in 2022/23. Additionally, the effects of adopting different levels of MFG within local flexible range between 0.5% and 2% will be considered. It is likely that the hard NFF will be implemented from 2023/24. The outline basic models are presented in Section 4 below.
- 3.2 The proposed approach to consultation to agree the 2022-23 DSG formula is outlined below:
1. October 2021:
 - a. Decision for Schools Forum to delegate to the DSG working group to agree the models to be consulted on with schools in November 2021.
 2. November 2021:
 - a. DSG working group meet to agree the models to be consulted on
 - b. Schools finance team to issue consultation to schools
 3. December 2021:
 - a. Collate and evaluate consultation responses from schools and present recommendations to School's Forum in January 2022.
 4. January 2022:
 - a. Presentation of the proposed recommendations and Authority Proforma Tool (APT) following consultation from schools for Schools' Forum approval.
 - b. Following Lead member approval, the APT will be submitted to the ESFA.

4 Schools Block DSG Funding formula 2022-23 proposed models

4.1 A summary of the proposed four funding models is outlined in this section. The table below shows the proposed allocations depending on each of the four models:

Proposed allocations applicable to all models

Allocation type	Schools affected	Description	Proposed Amount
Top Slice	All schools	Growth Fund	£1,100,000
Dedelegation	Maintained	Trade Union Facility	£165,000
Top Slice	All schools	Education Welfare	£122,000
Block Transfer	All schools	Nursery Split Site	£60,000

4.2 Initial proposed models are outlined below:

Model 1 – No Change in Age Weighted Pupil Unit (AWPU) from 2021/22

Model 2 – Change in AWPU by 10% for Primary and Secondary Schools

- Increase Primary Schools AWPU by £364.28 (a 10% increase)
- Decrease Secondary Schools AWPU by £364.28 (a 5.5% decrease)

Model 3 – Block Transfer of 0.25% to High Needs Block (HNB)

- The transfer 0.25% out of the Schools Block into the High Needs Block based on HNB strategy for utilising funds for schools with additional needs. This equates to £537,471

Model 4 – Block Transfer of 0.25% to HNB plus change in AWPU by 10% (model 2 & 3 combined)

- Increase Primary Schools AWPU by £364.28
- Decrease Secondary Schools AWPU by £364.28
- The transfer 0.25% out of the Schools Block into the HNB based on HNB strategy for utilising funds for schools with additional needs

4.3 Referring back to paragraph 3.1, the DSG working group will expand on the initial models to explore option models for moving closer to the hard NFF, as well as different levels of MFG for Primary and Secondary to attempt to narrow the Primary:Secondary funding ratio. Further investigation by finance officers and the DSG working party chair discovered that Model 2 did not actually narrow the gap between Primary:Secondary funding but widened it.

4.4 These DSG working group proposed allocations remain at the same amounts as in previous years:

Growth Funding	£ 1,100,000
Education Welfare	£ 122,000
Nursery Split Site Funding	£ 60,000

4.5 **Trade Union Facility:** The current de-delegation charged to schools is £5.80/AWPU for trade union facility time. For 2021/22 this raised £132,000 which is insufficient to meet the costs incurred. The time claimed in 2020/21 was £166,000.

4.6 It is proposed to increase the AWPU rate to an indicative £7.22/AWPU, depending on the pupil census numbers, to raise sufficient meet the current estimated costs of £165,000.

- 4.7 **Block Transfer:** The proposal for a 0.25% block transfer from the school's block to the HNB amounts to £537k. Proposals surrounding the options for this block transfer along with the existing total £1.3m SEN contingency will be explored by the Head of SEND, Chairs of DSG and HNB working groups and finance representatives. The discussions will ensure that all the funding is redistributed back to schools to support SEND and inclusion outcomes.
- 4.8 For the 21/22 financial year Schools Forum agreed at its June 2020 meeting to special consideration for Tiverton Primary School to protect KS2 bulge funding as a result of Stamford Hill Primary School's closure and pupils transferring to Tiverton. In that June 2020 paper was the 2nd year strategy which recognised the need to get permission from the ESFA/SoS for the lump sum of up to 70% of the lump sums of both schools. This would total £68,000 for 22/23 financial year. This would require a disapplication request to be made.
- Finance officers are exploring whether provision could be made from within the Growth Fund without need for a disapplication request. Schools Forum is requested to agree to delegate the decision on this to the DSG working party as the ESFA deadline for disapplication requests comes in November before next School Forum in December.