



**Papers for Surrey Schools Forum meeting 14 January 2022 (including supplementary paper for item 5)**

**Item 5**

**Surrey Schools Forum**

**14 January 2022**

**For discussion and support**

**Lead: David Green**

**Final Dedicated Schools Grant settlement for 2022/23 including recommendations for mainstream formula and update on high needs block**

**Summary**

This paper summarises the changes in Dedicated Schools Grant allocations between the July provisional allocations and the December final allocations, and the recommended funding formula for mainstream schools for 2022/23.

**Background**

The DfE announced the “final” Dedicated Schools Grant (DSG) settlement for 2022/23 on 16 December 2021. The table below summarises the final DSG allocations (before deductions for academy recoupment or direct funding of academy places) and compares them with those for 2021/22 and with the provisional 2022/23 allocations announced in July 2021.

Table: summary of DSG changes between 2021/22 and 2022/23

DSG block	2021/22 £m	2022/23 July 2021 £m	2022/23 (Dec 2021) £m	2022/23 Change July to December £m
National funding formula (NFF) schools	721.978	740.168	745.811	5.462m pupil numbers +0.179m growth
Central schools	6.594	6.394	6.429	0.035m pupil numbers
High needs	176.466	189.824	198.744	8.920m (see below)
Total before Early years	905.038	936.386	950.984	See above
Early years	78.148	Not quoted	76.345	Subject to update during the year
Total including early years	983.186		1,027.329	See above

In addition, an estimated £22m of “schools supplementary grant” has been allocated to mainstream schools, of which £20.3m is for year R to 11 and the remainder for

nursery classes and school sixth forms. The table below shows National Funding Formula (NFF) schools funding plus schools supplementary grant for year R to 11.

Table: NFF plus schools supplementary grant 2022/23

NFF and schools supplementary grant funding	2021/22 £m	2022/23 (July 2021) £m	2022/23 (Dec 2021) £m
NFF schools DSG	721.978	740.168	745.811
Schools supplementary grant	0	0	20.253
Total	721.978	740.168	766.064

### **NFF schools block, including schools supplementary grant**

The 2022/23 DfE funding rates per pupil for the NFF schools block remain the same as announced in July. There is a 3% increase in most funding factors and a 2% increase in funding floor and minimum per pupil level, making an approximate 2.6% increase in average funding per pupil in Surrey. However, as usual, schools on minimum funding guarantee will see a smaller percentage increase per pupil, and in 2022/23, schools receiving extra funding to reach the minimum per pupil funding level will also see a smaller increase.

The overall increase in funding, compared to that announced in July, is largely due to an increase in pupil numbers, with associated costs.

Mainstream schools will also receive an additional “schools supplementary grant”, distributed to individual schools using a formula specified by the DfE, which adds an average of 3% per pupil to the funding of mainstream schools, making a combined average increase of 5.6% per pupil. The additional grant is meant to fund cost pressures which were not known in July, including the health and social care levy.

Maintained nursery schools/classes and school sixth forms will also receive schools supplementary grant, but the DfE has set their grant at a lower average rate per pupil.

### **Mainstream schools funding proposals for 2022/23**

In 2021/22 Surrey could afford to deliver more than the NFF and thus Surrey funding rates exceeded the NFF rates by 0.12% (except that lump sums were slightly higher and basic entitlement rates slightly lower, in order to assist small schools). In 2022/23 the estimated cost of the local formula at NFF rates (with adjustments to basic entitlement and lump sum as agreed in October) exceeds available NFF funding by approximately £474,000. Therefore a ceiling on average per pupil gains is proposed, limiting formula gains to an estimated 3.92% per pupil, in order to contain costs within available funding. In October, Schools Forum agreed to support the use of a ceiling on gains, if this was necessary to deliver NFF formula factors, and thus schools facing a ceiling deduction should be aware of the risk of such a ceiling being applied. The alternative would have been a reduction of 0.13% in formula funding rates. Note that the ceiling applies only to formula funding, so a school subject to the ceiling will still receive its schools supplementary grant allocation in full, over and above the 3.92% ceiling (an increase of around 6.9% per pupil in total).

The proposed minimum funding guarantee level remains at 2%. Proposals for the formula are summarised in the annex.

The increase in formula cost (before ceiling) is due largely to increased incidence of deprivation (free school meals and ever 6 FSM) between the October 2020 census (which determines the average per pupil funding received by Surrey) and October 2021 census (which determines the number of deprived pupils funded by Surrey). This is partly offset by a further reduction in measured low prior attainment. The annex shows the variation in incidence of additional need data between 2021/22 and 2022/23.

Current estimates show a projected underspend on growth fund of £560,000 against the DfE allocation (see separate agenda item). However, at present the delegated formula distributes £556,000 of historic commitments funding from within the central schools services block (CSSB), over and above NFF. This is the residue of a larger sum which was formerly used to fund confederations and additional school improvement funding. It was delegated in 2017/18, and the DfE has been scaling it down over the past few years. There is no legal requirement to delegate this sum. It is proposed that the growth fund surplus of £560,000 is used in 2022/23 to replace the CSSB funding currently delegated to schools. There will be no reduction in the funding delegated to mainstream schools through the formula as a result of this proposal.

Table :summary of the impact of removing historic commitments funding.

Funding through formula: Impact of removing historic commitments funding	2021/22 £m	2022/23 £m
NFF DSG	721.977	745.810
Less available growth fund (excluding average pupil number adjustments)	4.094	4.341
NFF DSG less available growth fund	717.883	741.469
Growth fund delegated through formula	0	0.560
Historic commitments delegated	0.695	0
Total delegated through formula	718.578	742.029

Note: average pupil number adjustments arise where a growing school is funded for its growth by the use of average pupil numbers in the formula, rather than via separate growth fund allocations.

The historic commitments allocation within DSG was £695,000 in 2021/22 and was reduced to £556,000 in 2022/23, as described in the autumn funding consultation paper.

### **Impact of the ceiling**

In 2022/23 low prior attainment data is not available for years 1 and 2 (or years 7 and 8) and therefore DfE has used year 3 low prior attainment data as a proxy for years 1 and 2. Where a primary school does not have year 3 pupils, the DfE has used local authority year 3 average to fund low prior attainment for pupils in years 1 and 2. This means that all infant schools are funded for low prior attainment at county average for year 3 (20.85%), and has meant a large increase in low prior attainment funding for some infant schools and a reduction for others. As a result,

many of the schools subject to a ceiling deduction are small infant schools gaining low prior attainment funding. Further details are given in the annex.

The table below shows the estimated number of schools subject to minimum funding guarantee (MFG), minimum per pupil funding level (MPPL) and ceiling in 2022/23 compared to 2021/22:

Table: schools on minimum funding guarantee or minimum per pupil funding level, or with ceiling deductions

<b>Number of schools</b>	2021/22	2022/23
Primary schools on MFG alone	91	67
Primary schools with ceiling deductions	0	48
Primary schools on MPPL alone	114	85
Primary schools on MFG and MPPL	7	20
Secondary schools on MFG alone	11	9
Secondary schools with ceiling deductions	0	3
Secondary schools on MPPL alone	11	7
Secondary schools on MFG and MPPL	0	0

Of the 48 primary schools subject to a ceiling deduction under the proposals above, there are 18 where the ceiling deduction would be 2% or more, of which 16 are small infant schools and nine are one form entry infant schools (or smaller). The large ceiling deduction for these schools is generally a result of the use of county average low prior attainment funding, as described above. The large per pupil increase (before the ceiling) could therefore be seen as a temporary anomaly, due to the use of data not specific to the individual schools. However, for one of the 16 schools (and one small primary school) the large percentage increase (before ceiling) is due to increased sparsity funding instead.

### **Central schools services block (local authority retained duties)**

The increase in central schools services block (retained duties funding) is due to increased pupil numbers, as estimated at the December meeting. The funding allocation is in line with that estimated at the meeting (£35,000 more than the July figure, to be added to ICT). No changes are proposed to the distribution of central services block from that agreed at the December meeting.

### **High needs block**

There is an increase of £8.9m compared to the July provisional allocation, of which £1.7m is due to increased pupil numbers in special schools as anticipated, and £7.2m is new funding. As with the mainstream supplementary grant this new funding is meant to fund cost pressures which were not known in July, including the health and social care levy. The latest inflation pressures have been modelled and this additional grant reduces the likely overspend from £40m to £35m. To deliver the planned overspend of £27m a further £8m of cost containment is required, in addition to the planned £17.5m.

It should be noted that in 2021/22 the initial high needs DSG allocation increased for increased pupil numbers, but that that was partly offset during the year by an

increase in the “import export” deduction, due to an increase in the net number of Surrey pupils educated in special schools outside Surrey (ie exports less imports).

Proposals for inflation funding for special schools are described in a separate paper.

### **Early years block**

Early years block funding rates for 2022/23 were announced in November 2021 and have not changed since then. Early years funding will be amended during the year based on January 2022 and January 2023 census data, but the hourly DfE funding rates will not change. There are no changes to proposals for early years funding in Surrey compared to those discussed at the October meeting, although the exact rates will depend on an assessment of affordability once Jan 2022 census data is known.

### **Reminder of the role of Schools Forum in respect of DSG**

The Forum has the right to:

- Approve the level of the growth fund budget (item 6)
- Be consulted on the proposed schools funding formula (final decision is for the local authority) (as above)

### **Recommendations**

That the Schools Forum supports the use of a ceiling on per pupil gains (estimated at 3.92%) and use of full NFF factors (except that lump sum is increased and basic entitlement reduced, as agreed in October and as shown in the annex).

That the Forum notes the proposed use of growth fund surplus to replace the historic commitments central schools services DSG currently delegated to schools.

That the Forum notes the updated allocations for central services and high needs blocks.

## Supplementary material issued 14 January: Low prior attainment in infant schools

The original paper explained that there are no longer any year groups in infant schools for which current low prior attainment (LPA) data is available, because the Foundation Stage Profile data for current year 1 and year 2 were both cancelled.

DfE has recently advised that in 2022/23 LAs have the choice of using county average year 3 low prior attainment data (as in the original paper for item 5) or previous year Year 2 low prior attainment data, to fund infant schools for low prior attainment in 2022/23. We think the Forum should be allowed to express a view on which basis Surrey should use, although like all formula funding decisions the final decision is one for the LA. The proposal has little overall impact on the cost of the formula or the level of the ceiling and thus only affects infant schools. Some schools would benefit more from use of the county average and others from the use of their own historic data. For some schools the historic data varies widely from year to year anyway.

The main advantage of using historic data rather than county average is that for many schools the incidence of low prior attainment is consistently well above or well below the county average, and thus using county average could build in distortions for future years (eg minimum funding guarantee protection for schools for which county average is much higher than the local incidence). Against this, for some schools 2019 may have been an anomalous year, although for the majority of infant schools funded low prior attainment has been consistently above the average for the last three years or below it for the last three years.

The table below restates the number of primary schools on minimum funding guarantee and ceiling on both bases (but the individual schools on MFG and ceiling may be different under each scenario)

Number of schools	2021/22	2022/23 Infant schools on average LPA	2022/23 Infant schools on historic LPA
Primary schools on MFG alone	91	67	66
Primary schools with ceiling deductions	0	48	44
Primary schools on MPPL alone	114	85	85
Primary schools on MFG and MPPL	7	20	19
Secondary schools on MFG alone	11	9	9
Secondary schools with ceiling deductions	0	3	3
Secondary schools on MPPL alone	11	7	7
Secondary schools on MFG and MPPL	0	0	0

The impact on the number of schools on the ceiling is limited (although many are different schools) However, fewer schools have large ceiling deductions if the historic data is used (those which still do are largely schools on sparsity, because there has been a large increase in sparsity funding between 2021/22 and 2022/23)

Number of schools where reduction is:	Primary Infant LPA county avg	Primary Infant LPA historic	secondary
Less than 1%	19	25	3
1% to 2%	13	10	0
2% to 3%	7	1	0
3% to 4%	6	1	0
4% to 6%	3	2	0

By way of context, of the 77 infant schools in Surrey

\*31 have been funded for low prior attainment below the current county year 3 average incidence for all of the last three years

\*22 have been funded for low prior attainment above the current county year 3 average incidence for all of the last three years

\*only three schools were funded below county average incidence in 2021/22 but not in either of the two previous years (and thus might be seen to lose out particularly from not using county average incidence). One of these is on significant amounts of minimum funding guarantee anyway so it makes no difference.

## Annex

### Changes in incidence of additional need between 2020/21, 2021/22 and 2022/23 (Additional need factors used in the National Funding Formula)

Percentage of pupils qualifying	Primary 2020/21	Primary 2021/22	Primary 2022/23	Secondary 2020/21	Secondary 2021/22	Secondary 2022/23
FSM	9.56%	11.61%	13.11%	8.11%	9.74%	11.29%
Ever 6 FSM	12.92%	13.12%	14.14%	15.62%	14.73%	14.88%
Low prior attainment	24.74%	22.37%	21.50%	18.38%	19.03%	18.80%
EAL3	8.28%	7.94%	8.37%	1.56%	1.46%	1.60%

FSM=free school meals

EAL3 means pupils with English as an additional language who have been in the English school system in year R or above for fewer than three years.

### Final formula proposals 2022/23: summary

Comparison of 2021 and 2022/23	2021/22	2022/23
Formula factors as % of NFF	100.12%	100.00%
Minimum funding guarantee	2.0%	2.0%
Ceiling	n/a	3.92% (est)
Minimum per pupil level	Full	Full
Primary lump sum	£127,347 (NFF+2.28%)	£131,168 (NFF+2.27%)
Secondary lump sum	£133,732 (NFF+7.41%)	£137,744 (NFF+7.39%)

Former historic commitments funding within the formula is in addition to the NFF above.

Individual factors increase by 0.12% less than the NFF increase (because they exceeded NFF by 0.12% in 2021/22), apart from basic entitlement and lump sum where further variations apply. In each year, basic entitlement rates have been reduced below the NFF level to offset the impact of the lump sum exceeding that in the NFF.

The proposals for 2022/23 may need to be modified slightly due to data changes, as the total amount distributed to schools or held in growth fund, must be at least equal to the total NFF schools block allocation.

### Impact of ceiling deductions

Reduction in per pupil gain due to ceiling deductions

Number of schools where reduction is:	primary	Secondary
Less than 1%	19	3
1% to 2%	13	0
2% to 3%	7	0
3% to 4%	6	0
4% to 6%	3	0



**Item 6**  
**Surrey Schools Forum**  
**14 January 2022**  
**For approval**  
**Lead: David Green**

**Growing schools fund update 2021/22 and 2022/23**

This paper provides an update on the growing schools fund for 2021/22 and proposes updated growing schools fund estimates for 2022/23. The Forum is asked to approve the proposed budget for 2022/23.

**Background**

The growing schools fund provides funding for additional classes entering schools in September 2022 where additional capacity is required, either via an increase in PAN or addition of bulge classes. The Forum has the right of approval of the budget and criteria.

The Forum agreed criteria for the growing schools fund for 2022/23 at its meeting on 7 December. Since then DfE has published growth fund allocations for 2022/23 and officers have reviewed final October 2021 school census data, which was not available in time for the December meeting.

Updated estimates for growing schools costs for 2021/22 and 2022/23 are shown in the table below. There is still some uncertainty as to how many additional classes the LA will need to fund in 2022/23, but the table is believed to represent a reasonable worst case. Estimated commitments for both years are affordable on this basis.

**Table: Estimated growing schools costs for 2021/22 and 2022/23**

Growing schools budget	2020/21 outturn £000s	2021/22 estimated Jan 2021 £000s	2021/22 Latest estimate £000s	2022/23 Initial estimate £000s
New bulge classes/permanent PAN increases primary	660	1,080	720	628
Resources for new primary classes	176	80	88	76
Protected vacancies in existing bulge classes	797	886	914	518
Missing year groups (diseconomies of scale)	69	73	73	81
Secondary schools exceeding/raising PAN	1,673	1,970	1,970	2,183
Others (possible commitments)	0	45	0	294
Pre opening costs of wholly new schools	50	50	0	0
Total required	3,425	4,094	3,764	3,780
Budget available	4,428	4,095	4,095	4,341
Available budget is calculated as follows:	5,556	4,716	4,716	4,891
Estimated DFE growth allocation				
Less cost of average pupil number growth	1,137	621	621	550
Net available	4,418	4,095	4,095	4,341
Surplus	993	0	331	561

**Recommendation**

That the Forum agrees the proposed growing schools budget for 2022/23, as shown above