



Children, Education and Safeguarding Committee

19th January 2022

Title	Annual Report on School Funding in Barnet for 2022-23
Report of	Chairman of the Committee, Councillor David Longstaff
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	<p>Chris Munday, Executive Director, Children's Services Chris.Munday@Barnet.gov.uk Telephone: 0208 359 7099</p> <p>Ian Harrison, Chief Executive and Director of Education and Learning, Barnet Education and Learning Service Ian.J.Harrison@Barnet.gov.uk Telephone: 0208 359 7943</p>

Summary

This annual report on school funding arrangements updates the Children, Education and Safeguarding Committee on the school funding position in relation to Barnet schools.

The report describes the main features of Barnet's Schools Budget for 2022/23 and seeks approval for the formula funding to be used in the Authority Proforma Tool submission (which sets out the local funding formula for Barnet primary and secondary schools and thus indicates the level of funding under the formula for each school). This includes a Minimum Funding Guarantee of +2.00%, which means that every primary and secondary school will receive an increase in funding per pupil of at least this percentage in 2022/23 (through the pupil-led element of the schools funding formula). For maintained schools this is the case before any adjustments to their budgets, as a result of changes to de-delegation or to the amount deducted for services previously funded from the Education Services Grant.

This report provides an update to the committee on the funding of maintained nursery schools and a proposal to consult early years providers and the Schools Forum on the payment of a lump sum to Barnet's four maintained nursery schools in 2022/23. The report also includes details of hourly rates for all early years providers and proposals for a one-off additional allocation of funding for 3- and 4-year-olds in 2022-23.

The report also sets out a proposal to provide funding to support schools with additional costs arising from the enrolment of children of newly-arrived Hong Kong families and children of asylum seeker families living in designated asylum seeker hotels during the school year 2021-22.

Officers Recommendations

That the Children, Education and Safeguarding Committee:

- 1. Note the annual report on school funding in Barnet.**
- 2. Approve the formula funding to be used in the Authority Proforma Tool (which specifies the authority's funding formula for schools) on the basis of paragraphs 1.26 to 1.35, which includes a Minimum Funding Guarantee of +2.0%, which means that every primary and secondary school will receive an increase in funding per pupil of at least this percentage in 2022/23, (through the pupil-led element of the schools funding formula), while any schools gaining from the introduction of the National Funding Formula will not have their gains capped.**
- 3. Authorises the Executive Director, Children's Services to approve the final Authority Proforma Tool for submission to the DfE.**
- 4. Note that the overall Schools Budget will be considered by the Policy and Resources Committee at its next meeting on 9th February 2022 for onward submission to full council as part of the budget setting process.**
- 5. Recommends to Council that any changes to the Schools Budget reasonably required as a result of the final 2022/23 Dedicated Schools Grant and Post-16 settlement are delegated for decision to the Executive Director, Children's Services in consultation with the Director of Finance.**
- 6. Approve in principle the proposal to pay a lump sum of £100,000 to each of Barnet's maintained nursery schools using carried forward underspend from the Dedicated Schools Grant to fund this and authorise the Executive Director, Children's Services to consult early years settings and the Schools Forum on this proposal and then to decide on whether the proposal should be implemented in the light of consultation responses and in consultation with the Chairman of the Children, Education and Safeguarding Committee.**
- 7. Approve the proposal set out in paragraphs 1.50 to 1.60 in principle to provide up to £1.0 million of funding, from carried forward Dedicated Schools Grant underspend, to support schools with additional costs arising from the enrolment of children of newly-arrived Hong Kong families and children of asylum seeker families living in designated asylum seeker hotels after the October census date during the school year 2021-22 and authorise the Executive Director, Children's Services to consult with the Schools Forum and to make final decisions on the methodology for allocating the funding and allocation of the carried forward funding to eligible schools for one year only.**

1. Why this report is needed

- 1.1 This report updates the Children, Education and Safeguarding Committee on the Barnet Schools Budget for 2022/23. The committee's approval for the formula funding to be used in the Authority Proforma Tool, which specifies the authority's funding formula for schools. Approval is also sought for a proposal to consult early years settings on the payment of a lump sum to maintained nursery schools. Finally, committee approval is also sought for a proposal to provide funding to support schools with additional costs arising from the enrolment of children of Hong Kong families and children of asylum seeker families living in designated asylum seeker hotels during the school year 2021-22.
- 1.2 The forecast is showing an underspend in the Dedicated Schools Grant of £1.715m as at the month ending 30th November 2021. See table 1a below for the breakdown of this.

Table 1a Dedicated Schools Grant Month 8

	Budget	Month 8 Forecast Outturn after reserve movements	Month 8 variation to revised budget
	£'000	£'000	£'000
<u>Expenditure</u>			
Schools:			
Individual Schools Budget	150,222	150,222	(70)
Growth Fund	2,814	73	(2,741)
Central schools expenditure	2,193	2,193	0
ESG retained funding	700	700	0
Sub-total	155,928	153,187	(2,741)
Early Years Block	30,189	30,189	0
High Needs Block	55,528	56,554	1,026
Sub-total	85,717	86,743	1,026
Total	241,645	239,930	(1,715)
<u>Income</u>			
DSG Income	(241,645)	(241,645)	0
Total Income	(241,645)	(241,645)	0
Net DSG	0	(1,715)	(1,715)

- 1.3 The overspend on high needs is mainly the result of an increasing number of pupils with Education, Health and Care Plans and increasing costs being identified as pupils are placed. This accounts for overspend of £1.026m.
- 1.4 The DSG forecast underspend would lead to an increase in the reserve as can be seen in table 1b below.

Table 1b Dedicated Schools Grant Reserve Forecast

Reserves use	Brought forward	Forecast Movement	Forecast carry forward
	£000s	£000s	£000s
DSG reserve	3,244	1,715	4,959

National funding announcements and the Schools National Funding Formula

- 1.5 In December 2021, the government confirmed an increase of £4 billion in schools funding for 2022/23, compared to the funding level in 2021/22. As part of the overall increase, it was announced that an additional £1bn of high needs funding will be allocated to support children and young people with special educational needs in 2022/23.
- 1.6 In September 2017, the Department for Education confirmed the introduction of national funding formulae for schools, high needs and central school services from 2018/19. The National Funding Formula for the early years block was introduced previously in 2017/18.
- 1.7 For 2021/22, the 'Schools Block' funding allocations to local authorities were calculated by aggregating the amount of funding for all primary and secondary schools (Maintained schools and Academies) as calculated for each school under the National Formula. Eventually all primary and secondary schools are expected to be funded in accordance with the National Funding Formula (NFF). However, it was announced this year that the current arrangements will continue in 2022/23.
- 1.8 Under the current transitional arrangements local authorities are not required to implement the national formula. They are free to adopt a transitional local funding formula, in consultation with their Schools Forum and schools, subject to certain parameters. One of these is that there must be a minimum funding guarantee (MFG) – the maximum decrease or minimum increase in funding per pupil. For 2022/23 local authorities are required to set an MFG increase of between +0.5% and +2.00%.
- 1.9 The DfE has also set a minimum funding level of £5,525 per secondary pupil in 2022/23 and £4,265 per primary pupil. In 2021/22, all secondary schools received more than £5,525 per pupil, so no protection under this funding factor will be granted. 5 primary schools will be affected by the primary minimum as they were funded under the £4,265 per pupil rate.
- 1.10 The Barnet Schools Forum, which is made up of governor and headteacher representatives from all types and phases of state-funded schools in Barnet, has agreed to use the National Funding Formula with protection through the Minimum Funding Guarantee for the last two years and no changes are proposed for 2022/23.
- 1.11 At its meeting on 25th November 2021, the Schools Forum agreed:
 - to continue to charge the cost of services formerly funded from the Education Services Grant to the budgets of maintained primary and secondary schools, at a level of £0.700m.
 - to maintain, in principle, the same level of dedelegation as in 2021/22, except in respect of the Schools Contingency Fund in respect of which an increase was

agreed to cover the cost of school redundancies. Final figures are to be agreed in the January 2022 Schools Forum.

The financial position in individual schools

- 1.12 Most Barnet schools continue to be able to set balanced budgets and a number have significant amounts in their end of year balances. The average revenue balances for maintained schools at the end of the 2020/21 financial year was 5.4% of annual income. On the other hand, there has been a growing number of maintained schools with deficit budgets, which have had to apply for a licensed deficit while they implement a recovery plan to get the budget back into balance. Several other schools have had to make significant savings in order to balance their budget.
- 1.13 Some schools are also beginning to face financial pressures as a result of falling rolls. The significant growth in Primary pupil numbers in recent years has now levelled off in some parts of the borough and some schools have seen a fall in reception admissions, with a knock-on effect on formula funding. Secondary admissions rose slightly again in 2021 and are expected to remain at a similar level in 2022. The small number of secondary schools that were not fully subscribed in Year 7 up to two years ago have seen an increase in intake compared to previous years.
- 1.14 At the end of 2020/21 there were three maintained schools with a licensed deficit and an agreed recovery plan. In addition, in 2021/22 the council has worked with a further ten schools who ended 20/21 in a deficit position to establish recovery plans.
- 1.15 The council supports maintained schools facing financial difficulties by providing challenge and scrutiny on proposed recovery plans should a school be unable to set a balanced budget, and by agreeing cash advances for schools that have cash flow difficulties, subject to agreement on a recovery plan.

The Barnet Schools Budget for 2022/23

- 1.16 The Schools Budget is mainly funded through the Dedicated Schools Grant (DSG). For 2022/23 this is made up of four main funding streams, also known as blocks, under the National Funding Formula (NFF) arrangements:
- Schools Block
 - Early Years Block
 - High Needs Block
 - Central School Services Block
- 1.17 The Schools Block (SB) allocates funding for pupils in Reception to Year 11 in state-funded mainstream schools and academies. The Early Years block (EYB) funds early education entitlements for 2-, 3- and 4-year-olds in private, voluntary and independent settings, maintained nursery schools and school nursery classes. The funding for 2-year olds is specifically for pupils from households with low incomes. The High Needs Block (HNB) supports provision for vulnerable children and young people, mainly those 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](#).

- 1.18 The Department for Education (DfE) created a Central Schools Services Block (CSSB) in 2018/19, using the baseline of the schools block in 2017/18. The CSSB covers funding for historic commitments and funding for ongoing and statutory responsibilities.
- 1.19 The DfE announced allocations of the gross DSG to local authorities on 16th December 2021. The figures confirm the Schools Block and the Central School Services Block. However, the High Needs Block and the Early Years Block are indicative at this stage and will change during 2022.
- 1.20 The indicative DSG budget for 2022/23 by block is set out in Table 2 below:

Table 2 – DSG Allocations and the Indicative Schools Budget	Schools Block	High Needs Block	Early Years Block	Central Block	Total DSG
	£m	£m	£m	£m	£m
Budget Monitoring as at November 2021	153.735	55.528	30.189	2.193	241.645
Add: Academy Funding	132.517				132.517
Add: Funding for places at Academies		5.319			5.319
2021/22 Gross DSG as at December 2021	286.252	60.847	30.189	2.193	379.481
	Schools Block	High Needs Block	Early Years Block	Central Block	Total DSG
2022/23 Gross DSG Block as announced	£m	£m	£m	£m	£m
As at December 2021	154.140	60.180	28.297	2.266	244.883
Add: Funding for Academies	140.891	5.448			146.339
Growth Fund	2.725				2.725
2022/23 DSG Income	297.756	65.628	28.297	2.266	393.947

- 1.21 The allocation for the Schools Block is based on October 2021 school census data. A proposed Minimum Funding Guarantee of +2.00% means that every Primary or Secondary school will receive at least this percentage increase per pupil through the formula in 2022/23 (through the pupil-led element of the schools funding formula) above the amount it received in 2021/22. In addition, each primary school is guaranteed a minimum of £4,265 per pupil and each secondary school is guaranteed to receive at least £5,525 per pupil in 2022/23.

Allocations by block

- 1.22 **Schools Block** – The 2022/23 Schools Block Income is based on the following rates:
- £4,922.40 Primary unit of funding based on 29,653 primary pupils (October 2021 census)
 - £6,457.91 Secondary unit of funding based on 22,605 secondary pupils (October 2021 census)
 - £5.808m of funding for Pupil Growth and Premises factors
 - TOTAL = £297.756m
- 1.23 **High Needs Block** - The provisional High Needs Block income for Barnet has been calculated as follows:
- 59.479m - Actual High Needs National Funding Formula allocation
 - £4.275m - based on a £5,194.59 per pupil Area Cost Adjustment (ACA) weighted base rate * 823 (pupils in special schools/special academies based on the October 2021 census)
 - £0.756m - Import/export adjustment for net 75 imported pupils
 - £0.234m – Additional High Needs Funding for Special Free School
 - £0.884m – hospital education and teachers' pay and pension
 - TOTAL = £65.828m
- The final import/ export adjustment data will be amended based on January 2022 school and FE providers' HN pupil census data.
- 1.24 **Early Years Block** – The Early Years Block is estimated using early years numbers taken from the Early Years and Schools census in January 2021. An update to the 2022/23 EYB allocation will be made once the January 2022 Early Years and Schools census numbers are finalised. The allocation will be finalised in July 2023 based on the January 2023 census numbers. It has been confirmed that the hourly rate received by Barnet has increased by £0.17. It is proposed to increase the basic hourly rate by £0.16 to from £5.29 to £5.45 and the deprivation rate based on IDACI by £0.01 from £0.28 to £0.29 per hour, therefore passing on the increase from the government directly to providers. The DfE funding rate for 2 year-olds has been increased by £0.21 and it is proposed to pass this increase on to providers, thus increasing the rate from £6.08 an hour in 2021-22 to £6.29 an hour in 2022-23.
- 1.25 **Central School Services Block** – The provisional 2022/23 Central School Services Block for Barnet includes the following:
- £2.028m – allocation for ongoing responsibilities (includes retained duties, admissions, licensing and Schools Forum administration)
 - £0.238m – Historic commitments allocation, a 20% reduction from 2021/22.
 - TOTAL = £2.266m
- 1.26 **APT submission to the DfE** - The council is required to submit a completed Authority Proforma Tool (APT) to the DfE annually, which shows all the detailed calculations and assumptions underpinning the proposals for allocating budgets to schools. For Academies and Free Schools it captures the data required by the Education and Schools Funding Agency (EFSA) to calculate academy budgets and recoupment deductions to the gross DSG.

Table 3 - Schools' Pupil led Factor rates (for the APT submission to the DfE)

		2021/22 Barnet Formula		2022/23 NFF rates (Area Cost adjusted)	
Description		Amount per pupil		Amount per pupil	
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£3,432.24		£3,540.05	
	Key Stage 3 (Years 7-9)	£4,840.08		£4,991.51	
	Key Stage 4 (Years 10-11)	£5,454.44		£5,625.35	
	Description	Primary amount per pupil	Secondary amount per pupil	Primary amount per pupil	Secondary amount per pupil
2) Deprivation	FSM	£505.55	£505.55	£517.20	£517.20
	FSM6	£631.94	£923.18	£649.25	£951.86
	IDACI Band F	£236.29	£340.70	£242.09	£352.13
	IDACI Band E	£285.75	£456.09	£297.11	£467.68
	IDACI Band D	£450.60	£637.43	£462.18	£654.75
	IDACI Band C	£489.06	£692.38	£506.19	£715.27
	IDACI Band B	£522.03	£747.33	£539.21	£770.29
	IDACI Band A	£681.39	£950.65	£704.27	£979.37
3) Looked After Children (LAC)	LAC	Not a Factor under NFF		Not a factor under NFF	
4) English as an Additional Language (EAL)	EAL 2 Primary	£604.46		£621.74	
	EAL 2 Secondary		£1,632.04		£1,683.64
5) Mobility	Pupils starting school outside of normal entry dates	£989.12	£1,417.74	£1,017.89	£1,463.56
6) Prior attainment	Low Attainment % old FSP 73	£1,203.43		£1,243.47	
	Secondary low attainment (year 7 - 9)		£1,824.37		£1,881.72
	Secondary low attainment (years 10 to 11)				

- 1.27 The proposed funding rates for 2022/23 financial year are shown in table 3 above, along with the current factors in the Barnet funding formula for 2021/22. Under the National Funding Formula (NFF), Basic Entitlement Schools Block Factor rates for 2022/23 have been increased by 3% from 2021/22 before the addition of the area cost adjustment. As it is not yet clear what level of pay increases will apply to teachers or school support staff in 2022, it is not yet possible to say whether this increase represents an increase in school funding in real terms compared to 2021/22.
- 1.28 The APT is due for submission on 21st January 2022. The main purpose of this tool is:
- to allow local authorities to model different options for their 2022/23 schools block funding formulae and at the same time act as the proforma which local authorities will submit in January 2022; it is also the mechanism by which the DfE provides the schools block dataset to local authorities.
 - to capture all the data required by the Education and Skills Funding Agency (ESFA) to calculate academy budgets, including information on the number of occupied high needs places at special units and resourced provision in mainstream academies to determine the place funding rate.
 - to enable the Education and Skills Funding Agency (ESFA) to check that the formula has been applied reasonably and in compliance with regulations and conditions of grant, and that central budgets are being allocated in line with regulations.
 - to enable the ESFA to check that at least 99.5% of funding allocated through the schools block element of the DSG is passed through the funding formula set by the local authority, or allocated to the growth fund or falling rolls fund.
 - to collect data on maintained schools' schools block budgets for publication.
 - to use the notional allocations for academies for recoupment purposes; recoupment will continue to take place based on the budget, including the minimum funding guarantee, that the academy would have received as a maintained school.
 - to give the ESFA information about which academies and future converters are judged by the local authority as meeting the criteria to qualify for exceptional factors or MFG exclusions so that these can be taken into account in their funding allocations.
- 1.29 Officers will apply the above funding formula in calculating the budget allocations for all Barnet's state-funded primary and secondary schools. It is proposed that the committee authorise the Executive Director for Children's Services to approve the final APT submission and any changes to the Schools Budget reasonably required as a result of the final 2021/22 Dedicated Schools Grant and Post-16 settlement in consultation with the Director of Finance.
- 1.30 In addition to the rates submitted in the APT as shown in Table 3, the authority also has to clarify the funding criteria used when allocating growth and split site funding; the criteria for these factors is as previously agreed by the Schools Forum and as described below:
- 1.31 Growth Fund:
- The Growth Fund can only be used to:
- Support growth in pre-16 pupil numbers to meet basic need
 - Support additional classes to meet infant class size regulation
 - Meet the costs of new schools

- 1.32 Local Authorities (LAs) are responsible for funding the growth needs of all their schools in their area, including new and existing maintained schools and academies. LAs must fund growth needs to all schools on the same criteria. The Schools Forum is required to approve the Growth Fund criteria.
- 1.33 The costs of new schools will include the lead-in costs and will also include post-start-up and diseconomy of scale costs. Growth Fund support should be provided where academies are created to meet basic need.
- 1.34 For 2022/23, the DfE has set minimum per pupil funding (MPPF) amounts for primary schools at £4,265 and for secondary schools at £5,525. In view of this change it is proposed to amend the existing Growth Fund criteria to reflect the MPPF values, where new classes start in September/the autumn term of the financial year 2022/23. This will increase the amounts payable to primary schools from £73,150 to £74,638 and for secondary schools; from £94,763 to £96,688 for each new class of 30.
- 1.35 The Schools Forum is also required to approve the size of the Growth Fund, which will be finalised upon completion of the APT.

Growth Criteria:

- "Bulge classes opened at the request of the local authority - £10,000 one-off start-up grant plus £74,638 (7/12x£4,265x30) for a primary class of 30 opening in September; £96,688 (7/12x£5,525x30) for a secondary class of 30 opening in September.
- Permanent expansions approved by the local authority - £74,638 (7/12x£4,265x30) for a primary class of 30 opening in September, £96,688 (7/12x£5,525x30) for a secondary class of 30 opening in September.
- Temporary accommodation costs incurred as a direct result of LA approved expansions.
- Independent schools transferring to VA status - Allocation based on funding formula pro-rata for months open, based on previous actual pupils on roll, plus permanent expansion funding if appropriate.
- Newly established schools for which the LA is responsible to provide start-up up funding - Start-up funding of £220,000 primary/ £300,000 secondary in LA financial year of opening.
- New school phases (expansions to All-through status): New phase start-up funding of £50,000 for primary and £90,000 for secondary in LA financial year of opening.
- Diseconomies of scale funding will be available to new basic needs academies and maintained schools opening new phases until there are pupils in every year group. No diseconomies of scale funding will be available to independent schools which become maintained. Diseconomies of scale per empty year group, paid from year after opening until pupils in all year groups. Academies are paid these rates in the current financial year with a further 5/12ths payment to cover the full academic year."

Split site funding: The Local Authority intends to use the following criteria for qualifying settings in the APT for 2022/23. "School buildings on split sites are funded as follows (excludes sports and play areas, premises used for nurseries and sixth forms only and all-through schools where each site is used solely for either primary or secondary phases):

- The funding rate for a school on a split site is currently £29,958 (primary) and £99,412 (secondary).
- All through schools receive the primary split site allocation (£29,958) if they have primary year groups on more than one site, and £19,882.40 per secondary year group (£99,412/5) located across more than one site. This is increased by part year fractions as schools expand across sites.
- Secondary schools on split sites also receive an allowance for staff travel between sites, depending on how far apart the two sites are. The rate is £53,492. If the buildings are very close and simply separated by a public road this rate is multiplied by 0.2. If further apart the multiplier is 1.4.”

Early Years Funding and lump sum payments for Maintained Nursery Schools

- 1.36 As indicated in paragraph 1.24 above, it is proposed to passport the full-increases in early years funding from the DfE to early years providers by increasing the hourly rates for 3- and 4-year-olds and 2-year-olds by the same amount as the funding increases. The proposals in this section will not affect this passporting of funding as it is proposed to fund any further lump sums, in 2022/23 from general carried forward underspend in the Dedicated Schools Grant rather than drawing on the Early Years Block funding.
- 1.37 Maintained Nursery Schools are funded on the same basis as all other early years providers, including nursery classes in primary schools and early years places provided by Private, Voluntary and Independent providers. A new national funding formula for early years came into force in 2017/18. Under the National Early Years Funding Formula, the same funding formula applies to all providers.
- 1.38 However, supplementary funding was paid by the DfE to some local authorities, initially for a transitional period of up to two years, where this was needed ‘to enable local authorities to fund nursery schools at the same level as they did in 2016/17’. As the notional hourly rate for 3- and 4-year-olds in Barnet exceeded the rate that was paid to Barnet nursery schools in 2016/17, Barnet nursery schools were not covered by the grant.
- 1.39 Barnet nursery schools are funded in accordance with the Early Years National Funding Formula. In 2021/22 each receives £5.29 an hour per pupil, plus a deprivation rate calculated using IDACI based on the postcodes of the children that attend the school.
- 1.40 Both BEYA (the Barnet Early Years Alliance, a federation of three nursery schools) and Moss Hall Nursery School had significant revenue balances at the end of the 2019-20 financial year, but both had to draw heavily on their balances during 2020-21 and faced the prospect of having large and growing deficits in 2021/22.
- 1.41 However, that was partly alleviated by the council’s decision, following consultation with early years providers and the Schools Forum, to provide one-off lump sum funding of £42,000, for 2021/22 only, to each of the four maintained nursery schools, funded from carried forward underspend in the Early Years Block of the DSG..
- 1.42 Both schools have also made staffing and structural changes in 2021/22 to secure efficiency savings. Despite that, both BEYA and Moss Hall Nursery School are forecasting deficits at the end of 2021/22.

- 1.43 A review of nursery school budgets has shown that, despite major efforts to raise income and cut costs, each school could face an annual deficit from 2022/23 of up to £100,000 a year unless central government changes the funding arrangements for maintained nursery schools in Barnet or, failing that, if the council does not once again pay a lump sum to each maintained nursery school. It is also clear that any such lump sum would need to be much greater than the £42,000 agreed for 2021/22, as the latter amount was based on an assumption that extra government funding might be available from September 2021. The sum of £42,000 represents five-twelfths of the £100,000 a year that it was felt would be needed to sustain the four schools.
- 1.44 The reason for the budget gap for maintained nursery schools is that the national early years funding formula does not make any allowance for the additional costs that nursery schools inevitably incur compared to other early years providers, such as having to have a headteacher, deputy head, a SENCo who is a qualified teacher and qualified teaching staff and having to meet the relatively high pension contribution costs of the Local Government and Teachers' pension schemes. Also, unlike primary schools, they are not able to access any lump sum funding (£125,000 a year for Barnet primary schools).
- 1.45 The council and the nursery schools have been lobbying the government to secure additional funding for Barnet's maintained nursery schools for the last three years. As a result, late in 2019 the Secretary of State for Education promised a review of the future of maintained nursery schools that 'he expects to provide a clear outcome that puts maintained nursery schools in Barnet on a stable financial footing for the future.' Since then, Ministers have re-affirmed a commitment to 'appropriate funding' for Maintained Nursery Schools 'in the longer term'. The Chairman of this committee wrote to the Chancellor of the Exchequer and the Parliamentary Under-Secretary of State for Children and Families to ask for confirmation that the review of funding for maintained nursery schools will result in a significant increase in funding for Barnet's four maintained nursery school for the 2021-22 financial year and subsequently.
- 1.46 On 25th November 2021, the DfE announced increases of 3.5% in the supplementary funding mentioned in paragraph 1.38 above. This applies to each local authority's rate of funding, and, as Barnet's supplementary funding rate is £0, no increase will be applied. Of the 32 London Boroughs, 11 have no supplementary funding. Looking at our closest statistical neighbour set – the other outer London boroughs - for those that do receive supplementary funding, the average rate for 2022-23 will be £3.46 per hour. If Barnet were to receive this rate, it would result in increased income of about £697,000 to be distributed amongst the four maintained nursery schools.
- 1.47 To try to bridge this gap once again, at least in part, we are proposing to allocate to each maintained nursery school a lump sum of £100,000 on a one-off basis in 2022/23. This is expected to ensure both BEYA and Moss Hall Nursery School can operate in-year during 2022-23 on a break-even basis. BEYA will still need to find some further savings to address the forecast carried forward deficit of £38,000 (across the three schools). Moss Hall Nursery School has a larger problem in that they are forecasting a carried forward deficit of over £150,000 into 2022/23. The school has been advised that it will need to produce a recovery plan to pay off this deficit over a three-year period. The proposed lump sum allocations of £100,000 per school in 2022-23 will mitigate the risk to the council of having to pick up and fund deficits left by the maintained nursery schools in the future. At the very least the lump sums should mean that the deficits at the end of 2021-22 will not grow any further in 2022-23. The long-term funding position of the four schools remains

an issue, which will need to be considered later this year in the event that the government does not come up with the promised 'review of the future of maintained nursery schools' that will put 'maintained nursery schools in Barnet on a stable financial footing for the future'.

- 1.48 In order not to impact on the pass-through of the hourly rate funding to all yearly years providers, it is proposed to fund these lump sums in 2022/23 from the general DSG reserve (carried forward underspend) subject to approval by the Schools Forum. The lump sum proposal is subject to consultation with all early years providers and the Schools Forum. Following that consultation between late January and the end of February, it is proposed that the Executive Director, Children's Services be authorised to approve the proposal in the light of feedback from the consultation.
- 1.49 In 2021, following the allocation of the temporary lump sums of £42,000 to each maintained nursery school from carried forward early years underspend, once end of year adjustments were made by the DfE in respect of the early years block for 2020/21 and the revised early years block funding for 2021/22 was known, it was agreed that the remaining carried forward underspend on the early years block of £334,000 should be allocated on a one-off basis in 2021-22 to providers of 3- and 4-year old places, by agreeing a temporary funding supplement of £0.08 per hour. The payments were made to providers in August. It is not yet known what the level of any early years block underspend will be for the end of 2021-22, but the estimated overall level of DSG underspend is, £4.959m, as reported above. It is proposed to allocate from this general DSG carried forward underspend an amount close to the £168,000 that was drawn from the early years block funding for the maintained nursery school lump sums, on a one-off basis in 2022-23 to providers of 3- and 4-year old places, by agreeing a temporary funding supplement of £0.04 per hour, which is estimated to cost £179,000. The early years block budget position will then be reviewed further in June 2022, in the light of end of year and 22-23 early years block allocations to establish whether there is enough headroom to increase this temporary funding supplement further for 2022-23.

New arrivals - children of Hong Kong families

- 1.50 A new immigration route opened on 31 January 2021, providing British National (Overseas) (BN(O)) status holders from Hong Kong and their dependants with the opportunity to come to the UK to live, study and work, on a pathway to citizenship. Tens of thousands of Hong Kong residents applied for visas under this scheme during 2021. Details of the government's arrangements for new arrivals under this scheme can be found on the government website: Welcome: a guide for Hong Kong British National (Overseas) visa holders in the UK - GOV.UK (www.gov.uk). This includes a welcome pack for new arrivals: Welcome Pack for arrivals from Hong Kong on the British Nationals (Overseas) visa (publishing.service.gov.uk).
- 1.51 The dependants of BN(O) status holders from Hong Kong who settle in the UK have a right to attend school in the UK. Local authorities hold the statutory duty to provide sufficient school places. Any BN(O) status holder who already live in the UK or who moves to live in the UK under the new visa scheme can apply for a school place for their children. Schools are not permitted to refuse any children a place on the grounds of their nationality or immigration status. Details of arrangements for access to schools are set out in the guide and welcome pack indicated above.

- 1.52 Initial figures show that Barnet has among the highest number of new arrivals under this scheme in England. Between August 2020 and September 2021, there were 429 applications for admission to Barnet schools from Hong Kong migrants. Between September and November 2021, 227 children of statutory school age were admitted to Barnet primary and secondary schools. A major financial challenge for schools arises because significant numbers have been enrolled after the October school census date, which means that they do not generate funding for the school through the local funding formula until the financial year after the school year when they start at their Barnet school (so 2023-24 for new arrivals starting school between October 2021 and September 2022).
- 1.53 This creates financial challenges for many schools, as they incur extra costs to support the welfare and regular attendance of the children from these families. Schools may incur extra staffing costs, whether for extra teachers (or fractions of teachers), teaching assistants and other support staff or for specialist mentors to support individual children. Some incur extra costs for extra school clubs and for providing English as an Additional Language support.
- 1.54 It is therefore proposed to allocate one-off funding from carried forward underspend in the Dedicated Schools Grant to support schools that enrol children after the October 2021 census date for the period these children are in schools up until the end of the summer term 2022. More details of the proposal are set out below.

New arrivals - children of asylum seeker families living in designated hotels

- 1.55 Following the recent influx of asylum seekers to the United Kingdom, many of them from Afghanistan, a number of hotels were designated by the government for temporary housing for newly-arrived asylum seeker families. There are three such hotels in Barnet. Children of school-age living in these hotels are entitled to be admitted to local schools even if on a temporary basis.
- 1.56 As with new arrivals for Hong Kong, this creates financial challenges for many schools, as they incur extra costs to support the welfare and regular attendance of the children from these families. Schools may incur extra staffing costs, whether for extra teachers (or fractions of teachers), teaching assistants and other support staff or for specialist mentors to support individual children. Some incur extra costs for extra school clubs and for providing English as an Additional Language support. For children from poorer families, many schools have also had to incur non-staff costs, for example on providing free school meals, until eligibility is established and on purchasing school uniforms, sportswear and equipment (such as laptops).
- 1.57 In November 2021, the four Barnet schools with the highest numbers of children living in designated hotels for asylum seekers were each allocated a share of £50,000 of council funding (paid for from the council's covid grant, having regard to the extra pressures on the schools arising from the pandemic). The payments were made pro-rata to the number of eligible children and the number of weeks they were in the schools between September 2020 and September 2021.
- 1.58 It is now proposed to allocate one-off funding from carried forward underspend in the Dedicated Schools Grant to support schools that enrol children after the October 2021 census date for the period these children are in schools up until the end of the summer term 2022. It is proposed to include funding for all schools with children living in the

designated hotels, rather than just the schools with the highest numbers children living in the hotels.

Approach to funding of new arrivals

- 1.59 The technical mechanism for providing the funding for new arrivals indicated in sections 1.49 to 1.57 above, as it will sit outside the school funding formula, is to allocate the money toward 'ongoing local authority statutory responsibilities for all schools in respect of the welfare and attendance of pupils'. The allocation requires the agreement of the Schools Forum and the proposals for spending the money also requires the agreement of the Schools Forum.
- 1.60 The committee is asked to approve the allocation of this funding, subject to the approval of the Schools Forum. The committee is also asked to note the following proposed approach to the funding and to authorise the Executive Director, Children's Services, in consultation with the Schools Forum, to determine the methodology for allocating the funding and to approve the amounts to be paid to eligible schools:
- The funding would be capped at £1m and will be one-off for the financial year 22-23 only.
 - The payments should be based on an agreed proportion of the 2022/23 Age-Weighted Pupil Unit (AWPU) funding for schools for each eligible pupil, with the proportion being adjusted to ensure the total allocation is within the agreed £1m budget.
 - Funding is for all children of asylum seeker families living in the designated hotels and Hong Kong families who enrol in Barnet maintained primary and secondary schools and primary and secondary Academies after the October 2021 school census date with payments being calculated pro-rata for the weeks they attend up to the end of July 2022.

Summary proposed use of carried forward DSG underspend

- 1.61 As indicated in paragraph 1.4 above, the forecast carry forward of Dedicated Schools Grant funding to 2022/23 is £4.959m. Carried forward DSG reserves have generally been used to support pressures in the DSG High Needs budget and the growth in Education, Health and Care Plans means it would be prudent to retain most of this carry forward to support the High Needs budget in 2022-23. However, as the reserve is forecast to increase by £1.7m by the end of the 21/22 financial year, it is proposed to allocate some of this to schools and settings, as indicated above. In summary, it is proposed to allocate the carried forward underspend as follows, subject to the approval of the Schools Forum:
- One -off lump sums for Maintained Nursery Schools £400,000
 - One-off supplement to the hourly rate for 3- and 4-year-olds £179,000
 - New arrivals (Hong Kong and asylum seeker hotels) up to: £1,000,000
 - Sub-total £1,579,000

It is proposed to allocate the remainder of any carried forward underspend to the High Needs budget, in line with practice in recent years. If the carry forward matches the current forecast, it means that there should still be £3.380m for High Needs.

2. Reasons for Recommendations

- 2.1 The report informs and updates the Children, Education and Safeguarding Committee in relation to school funding and committee approval for the submission of the APT is required. Approval is also sought for consultation on the payment of lump sums for maintained nursery schools in 2022-23 and for the allocation of £1 million to support schools with the extra costs of new arrivals (children from Hong Kong families and asylum seeker families living in designated hotels) for the reasons set on in paragraphs 1.36 to 1.58 above.

3. Alternative options considered and not recommended

- 3.1 The timetable for decision making and submission of the APT is set down by the DfE. The Council is obligated to make a decision on its school funding formula.

4. Post decision implementation

- 4.1 Funding will be distributed to schools in accordance with the arrangements set out in the report.

5. Implications of decision

5.1 Corporate Priorities and Performance

- 5.1.1 The quality of the education offer in Barnet is at the heart of Barnet's continuing success as a place where people want to live, work and study. It plays a crucial part in making Barnet a popular and desirable place with many families attracted to the area by the good reputation of Barnet's schools.
- 5.1.2 Excellent educational outcomes and ensuring children and young people are equipped to meet the needs of employers are key to delivering the Council's strategic objectives set out in its Corporate Plan, 'The Barnet Plan 2021 to 2025', based on the core principles of fairness, responsibility and opportunity to make sure Barnet is a place:
- of opportunity, where people can further their quality of life;
 - where people are helped to help themselves, recognising that prevention is better than cure;
 - where responsibility is shared, fairly;
 - where services are delivered efficiently to get value for money for the taxpayer.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The financial implications for the council are set out in the paragraphs above.
- 5.2.2 The proposed use of carried forward underspend in the Dedicated Schools Grant for the proposals outlined in paragraphs 1.36 to 1.58 will cost a maximum of £1.579 million and will not impact on the funding to schools and settings available through the DSG allocations to the council for 2022/23. As the forecast carry forward to 2022/23

is £4.959m, the allocations proposed will still leave carried forward reserves of £3.38m. It is proposed to allocate the remaining reserve to the High Needs Block, subject to the agreement of the Schools Forum.

5.3 Legal and Constitutional References

- 5.3.1 Article 7 - Committees, Forums, Working Groups and Partnerships of the council's constitution states that the committee has responsibility for all matters relating to children, schools, education and safeguarding.
- 5.3.2 The composition, constitution and procedures of Schools Forums are set out in the Schools Forums (England) Regulations 2012 (S.I. 2012/2261). They set out the respective roles and responsibilities of the local authority and the Schools Forum.
- 5.3.3 The legislation governing the current school system is the School Standards and Framework Act 1998 and associated regulations. In addition, there are detailed regulations covering decision-making and consultation requirements with the Schools Forum and individual schools and early years settings.
- 5.3.4 For 2022/23 the dedicated schools grant will be split into four blocks, namely schools' block, high needs block, early years block and central schools block. From 2022/23 it was proposed to distribute the schools' blocks directly to schools based on a national funding formula, but the current arrangements are now continuing for a further year. Under these arrangements, the government has calculated the schools' block based on the national funding formula, but will continue to distribute this to local authorities, who continue to have requirements in relation to consultation with the Schools Forum and autonomy to distribute it to schools based on existing factors. The funding is calculated on a notional per school funding basis, plus funding for premises and growth.
- 5.3.5 Current regulations require that the local authority consult its Schools Forum on any proposed changes to its funding formula and make an annual submission to the Department for Education. The local authority is also required to consult early years providers and the Schools Forum on any proposed changes to the Early Years Funding Formula.
- 5.3.6 The DfE's School Revenue Funding Guidance indicates that any DSG underspend brought forward from the previous year can be used to support the growth fund in the schools block, the central school services block, the high needs block, or the early years block. The local authority needs to consult its Schools Forum on the use of carried forward underspend and Schools Forum's approval is required for any proposed allocations from the underspend to any central budgets, where amounts have to be approved by the forum.
- 5.3.7 The DfE's guidance on early years funding indicates that local authorities may choose to pay a lump sum to each of its maintained nursery schools. Barnet paid a lump sum in 2021/22 but on a one-off basis, so payment of a lump sum in 2022/23 constitute a change to the underlying Early Years Funding Formula. The local authority may make such changes but must consult early years providers and the Schools Forum first.
- 5.3.8 The statutory guidance on opening and closing maintained nursery schools refers to a presumption against closure of maintained nursery schools, emphasising the need to demonstrate that there are plans for alternative provision of an equal quantity and

quality and no loss of expertise or specialism and that replacement provision is more accessible and more convenient for local parents.

- 5.3.9 As indicated in 5.3.6, the local authority may use DSG underspend brought forward from the previous year to support the central school services block provided this is agreed by the Schools Forum. Among the services that are funded from the central school services block are ongoing statutory responsibilities for all primary and secondary schools (Academies as well as maintained schools), which includes support for the welfare and attendance of pupils. The proposal to provide funding to support schools with the extra costs of pupils who are new arrivals from asylum seeker and Hong Kong families will support the attendance and welfare of this targeted group of pupils and it is possible that attendance and welfare issues will arise for this group of pupils without this extra funding. The process for allocating the funding needs to be agreed with the Schools Forum.

5.4 Insight

- 5.4.1 None

5.5 Social Value

- 5.5.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders

5.6 Risk Management

- 5.6.1 The annual submission of school funding information to the Department for Education is governed by a strict timetable to ensure that schools are allocated budgets in good time for each new financial year.

5.7 Equalities and Diversity

- 5.7.1 The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 5.7.2 The protected characteristics are:

- age
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;

- religion or belief;
- sex;
- sexual orientation.

5.7.3 The broad purpose of this duty is to integrate considerations of equality into day-to-day business and to keep them under review in decision making, the design of policies and the delivery of services. School improvement monitoring, supporting and challenging arrangements ensure that the quality of education in Barnet is maintained and improved. Outcomes for all groups of children and young people are monitored including children with special educational needs and disabilities and disadvantaged children (those in receipt of free school meals and children looked after). Barnet's Children and Young People Plan, the Education Strategy 2021-2024 and the School and Settings Improvement Strategy 2021 to 2024 all have a strong focus on improving outcomes for disadvantaged groups of children and young people.

5.7.4 The proposal to fund schools to support asylum seeker children living in designated hotels and children of Hong Kong families seeks to advance equality of opportunity by supporting these children to transition and integrate into the British schooling system and achieve results and progress in line with their peers and to help foster good relations between children from specific ethnic groups arriving from overseas and local children.

5.8 Corporate Parenting

5.8.1 The proposed APT submission does not impact on the funding of the Virtual School; nor does it affect High Needs funding, which is a significant factor for looked after children, as a significant number are supported through funding from the High Needs Block.

5.9 Consultation and Engagement

5.9.1 There is no need to consult on the local funding formula, as there are no proposals to change the current approach. The Schools Forum has agreed to continue to use the National Funding Formula with protection through the Minimum Funding Guarantee for 2022/23.

5.9.2 Decisions on the use of carried forward underspend from the Dedicated Schools Grant rest with the Schools Forum. The proposed use of underspend as set out in paragraph 5.2.2. above will therefore be subject to approval by the Schools Forum.

5.9.3 The proposal to allocate a lump sum of £100,000 to each of Barnet's four maintained nursery schools represents a change to the Early Years Funding Formula and therefore will be subject to consultation with early years settings and the Schools Forum between 19th January and the end of February. The subsequent decision on whether to go ahead will be made by the Executive Director for Children's Services taking account of the consultation responses.

5.9.4 The proposal to allocate £1m to support new arrivals represents a decision to allocate funding to the Central School Services Block (for onward distribution to schools) and is therefore subject to the approval of the Schools Forum, which will be asked to give its approval at its meeting on 13th January 2022. The decision made will be reported

verbally to this committee at its meeting on 19th January.

5.10 Environmental Impact

5.10.1 None

6. Background papers

- 6.1 [Children and Families Act 2014.](#)
- 6.2 [Welcome: a guide for Hong Kong British National \(Overseas\) visa holders in the UK - GOV.UK \(www.gov.uk\).](#)
- 6.3 [Welcome Pack for arrivals from Hong Kong on the British Nationals \(Overseas\) visa \(publishing.service.gov.uk\)](#)