

Meeting/Date	Schools Forum 12 January 2023	Agenda Item No.	8
Report Title	2023-24 Budget Proposal		
Decision/ Discussion/ Update	Decision		
Author	Richard Cox – Interim Finance Manager - DSG		
Appendices	<p>Appendix 1 – Detailed Breakdown of DSG Schools Block</p> <p>Appendix 2 – Detailed Breakdown of DSG CSS Block</p> <p>Appendix 3 – Detailed Breakdown of Early Years Block</p> <p>Appendix 4 – Detailed Breakdown of High Needs Block</p> <p>Appendix 5 – Indicative Funding Allocations 2023-24</p>		
Summary	<p>This report summarises how the London Borough of Barnet is funded for its education functions through the Dedicated Schools Grant (DSG).</p> <p>The report provides detailed analysis of each of the four blocks that make up the DSG and how the funding is broken down.</p> <p>Finally, the report shows how the local authority intends to fund its schools through National Funding Formula for 2023-24.</p>		
Recommendations	<p>We are asking that Schools Forum:</p> <ol style="list-style-type: none"> 1. Notes the 2023/24 draft budget as shown in Table 1. 2. Notes and agrees the 2023/24 formula factor rates used in the APT submission (National Funding Formula rates) as shown in Table 2. (All voting members) 3. Notes and agrees Growth Fund criteria and amount, and Split Site criteria. (All voting members) 4. Notes and agrees the revised funding rates for 3- and four-year-olds in nursery provision 5. Notes and agrees the new funding arrangements for maintained nursery schools 		

1. Background

1.1 The Dedicated Schools Grant (DSG) is paid in support of the local authority's schools' budget. It is the main source of income for the schools budget. Local authorities are

responsible for determining the split of the grant between central expenditure and the individual schools budget (ISB) in conjunction with local schools forums. Local authorities are responsible for allocating the ISB through the APT to individual schools in accordance with the local schools' funding formula. School Forum members will be aware that that the London Borough of Barnet mirrors National Formula Funding values in its local funding formula.

1.2 The DSG is made up of four blocks:

- Schools Block
- Early Years Block
- High Needs Block
- Central School Services Block

1.3 The Schools Block (SB) allocates funding for pupils in Reception to Year 11 in state-funded mainstream schools and academies.

1.4 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.

1.5 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.

1.6 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.

1.7 The DfE announced allocations of the gross DSG to local authorities on 19th December 2022. 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 2023.

The funding allocations show that there is growth across all four blocks as follows

Schools Block - £19.392m

High Needs Block - £6.67m

Early Years Block - £1.799m

Central School Services Block - £0.103m

TOTAL = £27.964m

1.8 The allocation for the Schools Block is based on October 2022 school census data. A proposed Minimum Funding Guarantee of +0.5% means that every Primary or Secondary school will receive at least this percentage increase per pupil through the formula in 2023/24 (through the pupil-led element of the schools funding formula) above the amount it received in 2022/23.

In addition, each primary school is guaranteed a minimum of £4,405 per pupil and each secondary school is guaranteed to receive at least £5,715 per pupil in 2023/24.

Table 1 Dedicated Schools Grant Analysis

	Schools	High Needs	Early Years	Central Services
Final Allocations for 2022-23	£m	£m	£m	£m
Gross DSG	£ 297.756	£ 68.153	£ 30.720	£ 2.266
Academies Recoupment	-£ 139.835	£ -	£ -	£ -
NNDR	-£ 2.881	£ -	£ -	£ -
HN Place Funding	£ -	-£ 5.720	£ -	£ -
Net DSG	£ 155.040	£ 62.433	£ 30.720	£ 2.266
	Schools	High Needs	Early Years	Central Services
Indicative Allocations for 2023-24	£m	£m	£m	£m
Gross DSG	£ 317.168	£ 74.823	£ 32.519	£ 2.369
Academies Recoupment	-£ 150.894	£ -	£ -	£ -
NNDR	-£ 2.898	£ -	£ -	£ -
HN Place Funding	£ -	-£ 5.864	£ -	£ -
Net DSG	£ 163.376	£ 68.959	£ 32.519	£ 2.369
Additional Funding	£ 19.395	£ 6.670	£ 1.799	£ 0.103

2. Allocations by Block

2.1 Schools Block - The 2023/24 SB Income is based on the following rates:

- £5,149.51 Primary unit of funding based on 29,671.5 primary pupils (October 2022 census)
- £6,786.19 Secondary unit of funding based on 23,383.5 secondary pupils (October 2022 census)
- £5.690m of funding for Pupil Growth and Premises factors

TOTAL = £317.168m (Gross funding – subject to deductions for recoupment and NNDR)

- A more detailed breakdown of the schools block is shown at [appendix 1](#)

2.2 Central School Services Block – The 2023/24 CSSB for Barnet includes the following:

- £2.179m – allocation for ongoing responsibilities (includes retained duties, admissions, licensing and Schools Forum administration)
- £0.190m – Historic commitments allocation, a 20% reduction from 2022/23.

TOTAL = £2.369m

A more detailed breakdown of the Central Services block is shown at [appendix 2](#)

2.3 Early Years Block – The Early Years Block is estimated using early years numbers taken from the Early Years and Schools census in January 2022. An update to the 2023/24

EYB allocation will be made once the January 2023 Early Years and Schools census numbers are finalised. The allocation will be updated in July 2023 based on the January 2023 census numbers.

- It has been confirmed that the hourly rate received by Barnet for 3- and 4-year-olds has increased from £6.24 to £6.41.
- It is proposed to increase the passthrough basic hourly rate for 3 and 4 year by £0.42 to from £5.45 to £5.87
- It is proposed that the deprivation rate based on IDACI is increased by £0.01 from £0.29 to £0.30 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 £0.63 and it is proposed to pass this increase on to providers, thus increasing the rate from £6.29 an hour in 2022-23 to £6.92 an hour in 2023-24.
- From April 2023, funding for Maintained Nursery Schools is included within the Early Years Block. Each part-time equivalent is funded at £3.80 per hour and it is proposed to pass this funding onto our Maintained Nursery Schools in full.

TOTAL = £32.519m

A more detailed breakdown of the Early Years block is shown at [appendix 3](#)

2.4 High Needs Block (HNB) - The provisional HNB income for Barnet has been calculated as follows:

- £65.334m - Actual High Needs National Funding Formula allocation
- £4.509m - based on a £5,200.81 per pupil Area Cost Adjustment (ACA) weighted base rate * 867 (pupils in special schools/special academies based on the October 2022 census)
- £0.756m - Import/export adjustment for net 75 imported pupils
- £0.306m – Additional High Needs Funding for Special Free School
- £0.918m – hospital education and teachers' pay and pension

TOTAL = £74.823m (Gross funding – subject to deductions for high needs place funding)

The final import/ export adjustment data will be amended based on January 2022 school and FE providers' HN pupil census data.

A more detailed breakdown of the High Needs block is shown at [appendix 4](#)

3. APT submission to the DfE

5.1 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 2 below shows the Schools' Block Funding Factor rates in the National Funding Formula (NFF).

Table 2 - Schools' Pupil led Factor rates (for the APT submission to the DfE)

		2022-23 Barnet Formula		2023-24 NFF Rates (Area Cost Adjusted)		
Description		Amount Per Pupil		Amount Per Pupil		
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£3,540.05		£3,739.75		
	Key Stage 3 (Years 7-9)	£4,991.51		£5,272.45		
	Key Stage 4 (Years 10-11)	£5,625.35		£5,942.38		
2) Deprivation	Description		Primary Amount	Secondary	Primary Amount	Secondary
	FMS		£517.20	£517.20	£528.90	£528.90
	FMS6		£649.25	£951.86	£776.82	£1,134.93
	IDACI Band F		£242.09	£352.13	£253.43	£369.13
	IDACI Band E		£297.11	£467.68	£308.52	£490.33
	IDACI Band D		£462.18	£654.75	£484.82	£683.16
	IDACI Band C		£506.19	£715.27	£528.90	£749.27
	IDACI Band B		£539.21	£770.29	£561.95	£804.37
	IDACI Band A		£704.27	£979.37	£738.25	£1,024.74
3) Looked After Children	LAC		Not a Factor under NFF			
4) English as an Additional Language	EAL 3		£621.74		£639.08	
	EAL 3			£1,683.64	£1,724.43	
5) Mobility	Pupils starting school outside of normal entry		£1,017.89	£1,463.56	£1,041.27	£1,498.54
6) Prior Attainment	Low Attainment % old FSP 73		£1,243.47		£1,272.66	
	Secondary Low Attainment (Year 7-9)			£1,881.72		£1,928.27
	Secondary Low Attainment (Year 10-11)					

5.2 The proposed funding rates for 2023/24 financial year are shown in table 2 above, along with the current factors in the Barnet funding formula for 2023/24. Under the National Funding Formula (NFF), Basic Entitlement Schools Block Factor rates for 2023/24 have been increased by 5.5% from 2022/23 before the addition of the area cost adjustment.

5.3 In October 2022, the government decided to increase the core schools' budget by a net £2bn in 2023-24 and a further £2bn in 2024-25 after adjusting for the removal of the health and social care levy. The teachers' pay award is 5% whilst support staff pay will increase by up to 10% for the lowest paid. Energy costs and general inflation will further erode budgets, so it is not yet possible to say whether this uplift represents real terms increase in school funding as compared to previous years.

5.4 The APT is due for submission on 20 January 2023. The main purpose of this tool is:

- To allow local authorities to model different options for their 2023 to 2024 schools block funding formulae and at the same time act as the proforma which local authorities will submit in January 2023; it is also the mechanism by which we provide the schools block dataset to local authorities
- To capture all the data required by 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 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 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 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 considered in their funding allocations.

5.5 In addition to the rates submitted in the APT as shown in Table 2, the authority also must clarify the funding criteria used when allocating growth and split site funding; the criterion for these factors is as previously agreed by Schools Forum and as described below:

Growth Fund:

5.6 The Growth Fund can only be used only 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

5.7 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. Schools Forum is required to approve the Growth Fund criteria.

5.8 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.

5.9 For 2023/24, the DfE has set minimum per pupil funding (MPPF) amounts for primary schools at £4,405 and for secondary schools at £5,715. 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 2023/24. This will increase the amounts payable to primary schools from £74,638,150 to £77,088 and for secondary schools; from £96,688 to £100,013 for each new class of 30.

5.10 Schools Forum is also required to approve the size of the Growth Fund, which is estimated to be £2.481m.

The list of schools to whom the local authority is expecting to provide growth funding in 2023-24 is as follows:

Table 3 Growing Schools

School	Note
Permanent Growth	
Ark Pioneer	Ends 2023-24
St Michaels Catholic Grammar School	Ends 2023-24
Bulge Classes	
Holly Park	Ends 2023-24
Underhill	Ends 2023-24
Conversion to Mainstream	
Barnet Hill	From September 2023 TBD

5.11 Growth Criteria:

- “Bulge classes opened at the request of the local authority - £10,000 one-off start-up grant plus £77,088 (7/12x£4,405x30) for a primary class of 30 opening in September. £100,013 (7/12x£5,715x30) for a secondary class of 30 opening in September.
- Permanent expansions approved by the local authority - £77,088 (7/12x£4,405x30) for a primary class of 30 opening in September, £100,013 (7/12x£5,715x30) 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 primary/ £90,000 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:

5.12 The Local Authority intends to use the following criteria for qualifying settings in the APT for 2023/24.

“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 £33,313 (primary) or £110,546 (secondary).
- All through schools receive the primary split site allocation (£33,313) if they have primary year groups on more than one site, and £22,109.20 per secondary year group (£110,546/5) 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 £59,483. 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.”

5.13 The schools block income for 2023/24 as shown in table 1 above is £317.168m. The draft 2023/24 schools block expenditure as submitted on the APT is broken down as follows:

Split Sites and Lump Sum	£ 17,458,952
NNDR Allocations	£ 2,898,084
Formula Funding and MFG Allocations	£ 294,330,590
Growth Funding	£ 2,480,796
Total Schools Block Allocation	£ 317,168,422

Appendix 5 4.1 shows the indicative MFG and school factors funding allocations for individual schools compared with 2022/23 for each school for the Schools Block. These may be subject to data corrections and will be verified by the DfE before final confirmation to schools. The figures do not include Growth, Post-16, early years or SEN funding.

Appendix 1 Detailed Breakdown of DSG Schools Block

Schools Block	2022-23	2023-24	Change	Percentage
Primary Unit of Funding	£ 4,922.40	£ 5,149.51	£ 227.11	4.61%
Secondary Unit of Funding	£ 6,457.91	£ 6,786.19	£ 328.28	5.08%
NOR Primary	29,653.00	29,671.50	18.50	0.06%
NOR Secondary	22,605.50	23,383.50	778.00	3.44%
NNDR Allocation	£ 2,880,605	£ 2,900,580	19,975.00	0.69%
NFF Allocation	£ 289,003,969	£ 308,512,989	£ 19,509,020	6.75%
Premises Factor	£ 3,141,760	£ 3,161,735	£ 19,975	0.64%
Growth Factor	£ 2,665,934	£ 2,528,127	-£ 137,807	-5.17%
Schools Block (before deductions)	£ 297,755,907	£ 317,168,422	£ 19,412,515	6.52%
Deductions				
Academies Recoupment	-£ 139,835,342	£ -	£ -	
NNDR Allocation	-£ 2,880,605	-£ 2,900,580	-£ 19,975	
Schools Block (post deductions)	£ 155,039,960	£ 314,267,842	£ 19,392,540	

Appendix 2 Detailed Breakdown of DSG Central Services Block

Central Services Block	2022-23	2023-24	Change	Percentage
CSSB Unit of Funding	£ 38.81	£ 41.08	£ 2.27	5.85%
CSSB Pupil Count	52,258.50	53,055.00	796.50	1.52%
CSSB Allocation	2,028,153.00	2,179,500.00	151,347.00	7.46%
Historic Funding Commitments	£ 237,409.00	£ 189,928.00	-£ 47,481.00	-20.00%
Total CSSB	£ 2,265,562	£ 2,369,428	103,866.00	4.58%

Appendix 3 Detailed Breakdown of DSG Early Years Block

Early Years	2022-23	2023-24	Change	Percentage
Hourly Rate for 3 and 4 Year Olds EYNFF	£ 6.24	£ 6.41	£ 0.17	2.72%
NOR 3 and 4 Year Olds Universal Entitlement	5,764.35	5,764.35	-	0.00%
Allocation for 3 and 4 Year Olds (15 hours)	£ 20,502,641	£ 21,061,206	£ 558,565	2.72%
NOR 3 and 4 Year Olds additional 15 hours	1,976.01	1,976.01	£ -	0.00%
Allocation for 3 and 4 Year Olds (30 hours)	£ 7,028,273	£ 7,219,748	£ 191,475	2.72%
Hourly Rate for 2 Year Olds	6.29	6.92	£ 0.63	10.02%
NOR 2 Year olds	803.55	803.55	£ -	0.00%
Initial Allocation for 2 Olds	£ 2,880,968	£ 3,169,523	£ 288,555	10.02%
Pupil Premium	£ 167,741	£ 173,333	£ 5,592	3.33%
Disability Access Fund	£ 140,000	£ 150,696	£ 10,696	7.64%
Hourly Rate for Nursery School Funding	£ -	£ 3.80	£ 3.80	100.00%
NOR for Nursery School Funding	343.60	343.60	£ -	0.00%
Indicative Funding Nursery Schools	£ -	£ 744,238	£ 744,238	100.00%
Total Early Years Block	£ 30,719,623	£ 32,518,744	£ 1,799,121	5.86%

Appendix 4 Detailed Breakdown of High Needs Block

High Needs Block	2022-23	2023-24	Change	Percentage
Total high needs elements in the funding floor and gains calculation	£ 59,478,857	£ 65,334,166	£ 5,855,309	9.84%
Basic Entitlement Unit of Funding	£ 5,194.59	£ 5,200.81	£ 6.22	0.12%
NOR Special Schools and Academies	823.00	867.00	44.00	5.35%
Import and Export Adjustment	£ 756,000	£ 756,000	£ -	0.00%
Additional Funding for Special Free Schools	£ 306,000	£ 306,000	£ -	0.00%
Pay and Pension / Supplementary Funding	£ 883,861	£ 918,286	£ 34,425	3.89%
NFF Historic Spend	£ 59,478,857	£ 65,334,166	£ 5,855,309	9.84%
Additional High Needs Allocation	£ 2,453,250	£ 2,999,718	£ 546,468	22.28%
Total High Needs Block (before Deductions)	£ 68,153,116	£ 74,823,273	£ 6,436,477	9.79%

High Needs Block Deductions	2022-23	2023-24	Change	Percentage
Mainstream				
Pre 16 SEN Places at £6,000	£ 615,000	£ 690,000	£ 75,000	12.20%
Pre 16 SEN Places at £10,000	£ 110,001.00	£ 60,000.00	-£ 50,001.00	-45.46%
Post 16 SEN Places at £6,000	£ 28,000.00	£ 30,000.00	£ 2,000.00	
Special Academies				
Pre 16 SEN Places at £10,000	£ 1,800,834.00	£ 1,730,000.00	-£ 70,834.00	-3.93%
Post 16 SEN Places at £10,000	£ 706,667.00	£ 810,000.00	£ 103,333.00	14.62%
Special Free Schools				
Pre 16 SEN Places at £10,000	505,000.00	580,000.00	£ 75,000.00	14.85%
Post 16 SEN Places at £10,000	£ 126,667	£ 140,000	£ 13,333.00	10.53%
AP Academies and Free Schools				
SEN Places at £4,169	£ 4,167	£ -	-£ 4,167.00	-100.00%
16-19 Academies and Free Schools				
SEN Places at £6,000	£ 24,000	£ 24,000	£ -	0.00%
FE Colleges and ILP's				
SEN Places at £6,000	£ 1,800,000	£ 1,800,000	£ -	0.00%
Total High Needs Block Deductions	£ 5,720,334	£ 5,864,000	£ 143,664	2.51%

High Needs Summary	2022-23	2023-24	Change	Percentage
Total High Needs Block (before Deductions)	£ 68,153,116	£ 74,823,273	£ 6,670,158	9.79%
Total High Needs Block Deductions	£ 5,720,334	£ 5,864,000	£ 143,666	2.51%
Total High Needs Block (after deductions)	£ 62,432,782	£ 68,959,273	£ 6,526,492	10.45%