



NOTICE OF MEETING

SCHOOLS FORUM

WEDNESDAY, 19 JANUARY 2022 AT 4.30 PM

VIRTUAL REMOTE MEETING

Telephone enquiries to Lisa Gallacher 023 9283 4056

Email: lisa.gallacher@portsmouthcc.gov.uk

Membership

Schools Members

Two head teacher representatives - primary phase

One head teacher representative - secondary phase

One head teacher representative - special phase

Four academy representatives - primary proprietor

Five academy representatives - secondary proprietor

One academy representative - special proprietor

One governor - primary phase

One governor - secondary phase

Non School Members

Four Councillors (one from each political groups)

One 16-19 Education Providers representative

One Early Years Providers representative

(NB This agenda should be retained for future reference with the minutes of this meeting).

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

AGENDA

- 1 Apologies
- 2 Declarations of Interest
- 3 Membership changes

- 4 **Minutes of the previous meeting held on 6 October 2021 and matters arising (Pages 5 - 8)**
- 5 **School funding arrangements 2022-23 (Pages 9 - 40)**

Purpose of report

The purpose of this report is to:

Seek endorsement of the final stage submission to the Education and Skills Funding Agency (ESFA) by 21 January 2022 of the 2022-23 mainstream school revenue funding pro-forma for the Primary and Secondary Phases.

Inform Schools Forum of the progress towards the initial determination of the schools budget (including individual schools budgets for 2022-23 and to seek the necessary approvals and endorsements required).

RECOMMENDATIONS

It is recommended that School Members of Schools Forum:

1. **Endorse the proposed changes to the mainstream schools revenue funding arrangements as set out in Section 5.**
2. **Endorse the school revenue funding pro-forma at Appendix 4 for submission to the ESFA on 21 January 2022.**

It is recommended that maintained School Members of Schools Forum:

3. **Endorse the use of the carry forward on the Schools Specific Contingency for the same purpose in 2022-23**

It is recommended that Schools Forum:

4. **Endorse the budget to be held centrally for the payment of central licences negotiated nationally for all schools by the Secretary of State.**
5. **Endorse the use of the 2021-22 underspend on the Growth Fund for use for the same purpose in 2022-23.**
6. **Approve the Growth Fund:**
 - Budget for 2022-23 as set out in Appendix 1
 - Criteria for 2022-23 as set out in Appendix 3
7. **Approve the budgets to be held centrally specifically:**
 - Schools Forum
 - Admissions
 - Duties retained by the local authority for all schools

6 Dedicated Schools Grant 2021-22 Quarter 2 Budget Monitoring (Pages 41 - 48)

Purpose of report

To inform schools forum of the projected revenue expenditure of the dedicated schools grant (DSG) for the current financial year 2021-22 as at the end of September 2021.

RECOMMENDED that Schools Forum:

Notes the forecast year end budget position for the Dedicated Schools Grant as at 30 September 2021, together with the associated explanations contained within this report.

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Agenda Item 4

SCHOOLS FORUM

MINUTES OF THE MEETING of the Schools Forum held on Wednesday, 6 October 2021 at 4.30 pm as a virtual meeting.

Present

Jackie Collins	Head Teacher (Devonshire Infant)	Primary Phase
Dave Jones	Head Teacher (Craneswater Junior)	Primary Phase
Share D'All	Governor (Bramble Infant & Nursery)	Primary Phase
Jo Cooper	Stamshaw Infant	Primary Phase
Sharon Burt	Academies (Solent Academies Trust)	Special Schools
Laura Flitton	Academies (University of Chichester Academy Trust)	Primary Phase
Sean Preston	Academies (Hamwic Academy Trust)	Primary Phase
Nys Hardingham	Salterns Academy Trust	Secondary Phase
Caroline Corcoran	Salterns Academy Trust	Secondary Phase
Nathan Waites	Springfield School	Secondary Phase
Pat Denham	Representative (Portsmouth College)	16 - 19 Education
Lynne Stagg	Councillor	Liberal Democrat Party

31. Apologies

Apologies for absence were received from Simon Barrable (and his named substitute Mike Gaston), David Jeapes, Jason Crouch, Councillor Udy, Mike Stoneman and Julia Katherine.

Pat Denham (Vice Principal for Learning and Quality) at Portsmouth College was present today on behalf of Simon Barrable. As she was not the named substitute for Simon, she would not have any voting rights unless the Forum agreed to this proposal. Schools Forum members had no objections therefore Pat Denham would therefore have voting rights for the meeting today.

32. Declarations of Interest

There were no declarations of interests from Forum members.

Alison Egerton advised that there were outstanding declarations from Victoria Page, Anne Chapman and Chris Purnell. Alison added that she had checked the records where there are declarations of interest that are over two years old, and she would be sending out new forms for those members to complete to update the records.

33. Membership Changes

Dave Jones explained that the Vice Chair position on Schools Forum was up for renewal so he would need to leave the meeting whilst Schools Forum voted on this. Alison Egerton reminded members that she had asked at the last meeting whether anyone would be interested in taking over the role of Vice Chair; nobody had come forward and she had received a lot of support for Dave to continue in his role.

Dave Jones then left the meeting. Alison Egerton explained that the proposal was that Dave Jones, as Primary Headteacher representative, continue in the role as Vice Chair for Portsmouth Schools Forum.

This was proposed and seconded and as there was no dissent it was **RESOLVED** that Dave Jones continue in the role as Vice Chair for a period of two years. Dave Jones re-joined the meeting.

Alison added that there was one secondary academy representative vacancy on Schools Forum. She said if Schools Forum members could talk to their colleagues to get someone put forward that would be appreciated.

34. Minutes of the previous meeting held on 7 July 2021 and matters arising

There were two corrections needed to the minutes:

1. Share D'All is a governor at Bramble Infant School
2. Caroline Corcoran is representing Salterns Academy Trust.

RESOLVED that the minutes of the meeting held on 7 July 2021 be confirmed as a correct record, subject to the above corrections.

There were no matters arising from the minutes.

35. Dedicated Schools Grant quarter 1 Budget monitoring report and revised budget

Alison Egerton introduced the report.

RESOLVED Schools Forum

- 1. Noted the forecast year end budget position for the Dedicated Schools Grant as at 30 June 2021, together with the associated explanations contained within this report.**
- 2. Endorsed the delegation to the Section 151 Officer or their delegated representative, the responsibility to adjust the Early Years block budget in line with the DSG allocation adjustments in November 2021 and January 2022.**
- 3. Endorsed the revisions to the 2021-22 budget as set out in Appendix 1 and section 8.**

36. School funding arrangements 2022-23

Angela Mann introduced the report.

In response to a question relating to paragraph 5.2 and how this compares to inflation rates, Angela said that different supplies have different inflation rates. Officers cannot change the rates that are put on the different national formula factors and so there could be an inflationary pressure. Forum members noted the drop in school intake numbers which is a national issue which decreases funding as well as costs rising nationally.

In response to a further question regarding pressures on the high needs block for 2022-23, Angela explained that officers were looking at placements that will be needed for next year and working through calculations and would know more when putting together the report for Schools Forum.

RESOLVED that Schools Forum:

- 1. Noted the Department for Education's proposed changes to school revenue funding arrangements for 2022-23, as set out in this report.**
- 2. Endorsed the proposals for implementing the local funding formula arrangements as set out in this report in particular to:**
 - Implement the National Funding Formula rates for both primary and secondary schools in 2022-23 as set out in Appendix 1**
 - Implement a minimum funding guarantee (MFG) of at least +0.5% and up to +2.0% subject to affordability, for 2022-23 as set out in paragraph 5.8**

- **The method of managing affordability as set out in paragraph 5.10**
- **Implement the disapplication request as set out in section 6**

The dates of future meetings were noted as follows:

- 1 December 2021
- 19 January 2022
- 9 February 2022

The meeting on 1 December would be a virtual meeting. Dave Jones gave his apologies for this meeting.

The meeting concluded at 4.55 pm.

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Chair

Agenda Item 5

Title of meeting:	Schools Forum
Date of meeting:	19 January 2022
Subject:	School Funding Arrangements 2022-23
Report by:	Sarah Daly, Director of Children, Families and Education
Wards affected:	All
Key decision:	Yes/No
Full Council decision:	Yes/No

1 Purpose of report

1.1 The purpose of this report is to:

- 1.1.1 Seek endorsement of the final stage submission to the Education and Skills Funding Agency (ESFA) by 21 January 2022 of the 2022-23 mainstream school revenue funding pro-forma for the Primary and Secondary Phases.
- 1.1.2 Inform Schools Forum of the progress towards the initial determination of the schools budget (including individual schools budgets for 2022-23 and to seek the necessary approvals and endorsements required).

2 Recommendations

2.1 It is recommended that School Members of Schools Forum:

- 2.1.1 Endorse the proposed changes to the mainstream schools revenue funding arrangements as set out in Section 5.
- 2.1.2 Endorse the school revenue funding pro-forma at Appendix 4 for submission to the ESFA on 21 January 2022.

2.2 It is recommended that maintained School Members of Schools Forum:

- 2.2.1 Endorse the use of the carry forward on the Schools Specific Contingency for the same purpose in 2022-23

2.3 It is recommended that Schools Forum:

- 2.3.1 Endorse the budget to be held centrally for the payment of central licences negotiated nationally for all schools by the Secretary of State.
- 2.3.2 Endorse the use of the 2021-22 underspend on the Growth Fund for use for the same purpose in 2022-23.
- 2.3.3 Approve the Growth Fund:
 - Budget for 2022-23 as set out in Appendix 1
 - Criteria for 2022-23 as set out in Appendix 3
- 2.3.4 Approve the budgets to be held centrally specifically:
 - Schools Forum
 - Admissions
 - Duties retained by the local authority for all schools

3 Background and previous decisions

- 3.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations
- 3.2 It is anticipated that the updated School and Early Years Finance (England) Regulations will require each local authority, by no later than 28 February 2022, to:
 - 3.2.1 Make an initial determination of its schools budget; and
 - 3.2.2 Give notice of that determination to the governing bodies of the schools which it maintains.
- 3.3 The Cabinet Member has already agreed, and Schools Forum has endorsed, the following principles in respect of the revenue funding arrangements for mainstream schools in 2022-23, which are summarised below:
 - 3.3.1 To implement a minimum funding guarantee of between plus 0.5% and plus 2.0%.
 - 3.3.2 To retain the Schools Block at its given value i.e. no transfer to the High Needs Block.
 - 3.3.3 To calculate initial funding allocations in accordance with NFF unit values as published by the Department for Education in July 2021.

3.3.4 In addition, a disapplication request, submitted to, and subsequently approved by the ESFA, was agreed as being appropriate.

4 Dedicated Schools Grant

4.1 The determination of the 2022-23 Dedicated Schools Grant for the Schools Block and Central School Services Block is set out in Appendix 1.

4.2 On the 16 December 2021 the ESFA announced the initial Dedicated Schools Grant Allocation for Portsmouth for 2022-23. This includes the funding for both Maintained schools and Academies although Portsmouth City Council will only receive the funding for the Maintained schools as Academies receive this direct from the ESFA.

4.3 In July 2021 the DfE released the indicative funding for 2022-23 based on the National Funding Formula and the October 2020 census data. The funding allocation has been updated for the October 2021 census and reflects the growth in pupil numbers seen both in mainstream schools and high needs settings across the city. The table below sets out the funding allocation for 2021-22 and the provisional funding allocation for 2022-23, confirming that Portsmouth's allocation of the £7.1bn additional funding equates to £7.0m

Table 1 - DSG Indicative Funding 2022-23				
	2021-22 Allocation Nov 2021	2022-23 Initial Allocation Dec 2021	Change	Change
	£'000	£'000	£'000	%
Schools Block	132,948	137,874	4,926	3.7%
Central Schools Services Block	964	1,020	56	5.8%
High Needs Block	28,065	31,027	2,963	10.6%
Early Years Block	14,289	13,329	(960)	(6.7%)
Total	176,265	183,250	6,985	4.0%

4.4 Following the national consultation regarding changes to the process of payment of national non-domestic rates (NNDR) in April 2021, the Schools Block will be reduced by the value of the 2021-22 NNDR (£1.0m) stated in the schools budgets for 2021-22. Further information regarding the treatment for NNDR is set out in section 5.

4.5 The amount expected to be received directly by Portsmouth City Council is £75.6m, excluding funding for academies. The funding received directly will continue to change during the year as schools convert to Academy status, since they will receive their funding directly from the ESFA rather than from the Council. Table 2 below sets out the DSG funding allocation for 2022-23.

Table 2: DSG indicative and actual funding allocation as at December 2021					
DSG Funding	2022-23				
	Provisional funding Inc. Academies and NNDR	NNDR reduction	Provisional funding Inc. Academies and exc. NNDR	Academy impact	Provisional exc. Academies
	£,000	£,000	£,000	£,000	£,000
Schools Block*	137,874	(992)	136,882	(98,120)	38,762
Central School Services Block	1,020	0	1,020	0	1,020
High Needs Block**	31,027	0	31,027	(8,496)	22,531
Early Years Block***	13,329	0	13,329	0	13,329
TOTAL	183,250	(992)	182,258	(106,616)	75,641

*The December 2021 Allocation removes NNDR funding from the DSG to be paid centrally, see section 5.

**This is a provisional allocation which will be updated later in the year for import/export.

*** This is a provisional allocation which will be updated later in the year; it reflects the January 2021 census.

5 Schools Block - Mainstream School Revenue funding formula changes 2022-23

- 5.1 In accordance with previous decisions both primary and secondary schools will be funded using the National Funding Formula for 2022-23.
- 5.2 The national funding formula values published by the DfE¹ have been increased in line with Portsmouth's Area Cost Adjustment (ACA) value of 1.01419 and rounded to the nearest whole pound. The formula factor values are set out in Appendix 2.

Minimum per pupil levels

- 5.3 The application of minimum per pupil funding level (MPPL) is now mandatory and the following national values have been applied to the school budgets for 2022-23.

Table 3 - Minimum per pupil level funding 2022-23	
Phase	MPPL 2022-23
	£
Primary	4,265
Secondary	5,525
All-through	4,790
KS3 only schools	5,321
KS4 only schools	5,831

- 5.4 A total of 7 schools will receive additional funding through the application of the minimum funding levels at a total value of £375,600.

¹ [DfE external document template \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Minimum Funding Guarantee (MFG)

- 5.5 In July 2021 the Secretary of state confirmed that the national funding formula would provide a plus 2.0% per pupil increase in respect of each school between the 2021-22 baseline and the 2022-23. An allocation was included in the Schools Block funding to the council for 2022-23 to accommodate this protection. The DfE has confirmed that local authorities can set a positive MFG of between plus 0.5% and 2.0%.
- 5.6 The authority has applied a MFG of plus 2% per pupil when compared to the 2021-22 per pupil funding.

National Non-Domestic rates

- 5.7 From 2022-23 the national non-domestic rates (NNDR) will be paid by the ESFA directly to Portsmouth City Council. This has no financial impact on school budgets, but changes both the way NNDR is included in the schools budget and the payment process.
- 5.8 The authority will be funded for NNDR, based on the 2021-22 values within the January 2021 Proforma endorsed by Schools Forum and approved by the Cabinet Member. The value of these rates will be deducted from the 2022-23 Schools Block of the DSG and kept centrally by the ESFA (see Table 2). The ESFA will then use this funding to pay the 2022-23 NNDR bills for maintained and academy schools for the 2022-23 financial year.
- 5.9 From April 2022 the authority will claim the total value of maintained and academy schools' 2022-23 NNDR from the ESFA, with a further opportunity between June 2022 and February 2023 for any adjustments due to revaluations, academy conversion etc. to be corrected with the ESFA. This means that there will be no need for prior year adjustments to be included in future budget shares.
- 5.10 In setting schools budgets for 2022-23, in line with the DfE guidance we will use the values of the 2021-22 NNDR as a proxy for the 2022-23 NNDR budget within the individual budget shares, plus the prior year adjustment to reflect any variation between the 2021-22 NNDR budget and the actual 2021-22 costs.
- 5.11 Once the budget shares are calculated (including minimum per pupil funding and MFG) the 2022-23 proxy NNDR values (based on the 2021-22 values) will be deducted. The budget shares received by schools will therefore exclude the value of the proxy 2022-23 NNDR.
- 5.12 Once the actual NNDR values for 2022-23 are known, schools will be provided with information to enable them to complete an accounting adjustment to include both the value of the rates and the associated income within their accounts. This will ensure that they meet the requirements of

both local government and academy financial reporting. The authority will issue further guidance in 2022-23 to explain the process.

Lump Sum

- 5.13 After applying the National Fair Funding values multiplied by the area cost adjustment, the minimum per pupil funding, the lump sum protection for amalgamating schools, a positive MFG of plus 2.0% and setting the Growth Fund for 2022-23 the authority had a surplus on the Schools Block funding.
- 5.14 The surplus is essentially one-off funding and any use within the pupil-based formula factors for 2022-23 will build increases into the baseline which will put pressure on future years.
- 5.15 The authority has reviewed how best to utilise the remaining funding in a method that maximises the funding to schools in a fair and consistent manner but minimises any impact on the minimum funding guarantee in future years. There are limited options:
- **Option 1:** Include the surplus into the Growth Fund. This will create a larger underspend that would be rolled forward as part of the Growth Fund year on year, which could be used to support one off pressures in future years
 - **Option 2:** Increase the lump sum by £14,103.74 to £137,124.74. As the lump sum value is deducted from both sides of the MFG calculation to ensure that the year-on-year comparison of the per pupil values are on a like for like basis.
- 5.16 It is proposed to pass the surplus to schools by increasing the Lump Sum from £123,021 to £137,124.74.
- 5.17 This flexibility may be reduced in future years depending on the outcome of the NFF consultation the ESFA undertook in September 2021. As in previous years there is no guarantee that surplus funding will be available in future years and the increase in the lump sum should be considered a one off.

Financial Cap on gains

- 5.18 No financial cap on gains has been imposed, which continues to allow all gaining schools to benefit fully from the move to the NFF.

Growth funding

- 5.19 The 2022-23 Schools Block contains £862,300 of growth funding which reflects the growth in pupil numbers between October 2020 and October 2021. The funding for 2022-23 was higher than expected due to a larger proportion of the pupil growth being in the secondary sector which attracts a higher funding rate of £2,220 compared to £1,485.

5.20 Following the approval in December 2020 of the carry forward of any unspent balances on the Growth Fund, the 2021-22 budget monitoring has been reviewed and confirmation has been received that there were no bulge classes identified in the September 2021 cohort. This will provide a carry forward balance of £304,000 to 2022-23. When this is combined with the original estimated schools block growth funding for 2022-23 provides £304,200 of income to be released back into the School Block to support the funding of individual school budgets. The table below sets out the estimated Growth Fund for the next 5 years, including the use of the carry forward.

Table 4 - Estimated Growth Fund for financial years 2022-23 to 2026-27					
	2022-23	2023-24	2024-25	2025-26	2026-27
	£	£	£	£	£
Total cost	954,500	696,500	534,500	210,500	47,800
Actual/estimated DfE funding	(862,300)	(283,100)	(216,100)	(56,200)	(0)
5/12 Recoupment	(432,700)	(282,700)	(222,700)	(192,700)	(30,000)
Total in-year income from DfE	(1,295,000)	(565,800)	(438,800)	(248,900)	(30,000)
Brought forward from previous year	(304,100)	(340,500)	(209,800)	(114,100)	(152,500)
Total Income	(1,599,100)	(906,300)	(648,600)	(363,000)	(182,500)
Total in-year (surplus)/deficit	(644,600)	(209,800)	(114,100)	(152,500)	(134,700)
Added to the Lump Sum	304,100				
Balance to carry forward	(340,500)	(209,800)	(114,100)	(152,500)	(134,700)

5.21 The table shows that there should be sufficient funding to cover the Growth Fund commitments for the next 5 years and capacity to manage any future growth in pupil numbers with the current criteria.

5.22 As previously reported as part of the national consultation on the introduction of the National NFF, the DfE are considering changes to the method of funding growth, a further consultation is expected in the future and the authority will work with Schools Forum on a response.

5.23 There are no changes to the Growth Fund criteria for 2022-23, except for changes to reflect the change of date for 2022-23. The criteria are required to be approved by Schools Forum annually and is included in Appendix 3.

Schools specific contingency

5.24 In May 2021 Schools Forum approved the use of the Schools Specific Contingency following a request from Manor Infant School. As at the end of December 2021 this budget is forecast to be underspent by £124,300. Schools Forum are asked to approve the carry forward of this balance for use for the same purpose in 2022-23.

6 Central Schools Services Block

- 6.1 The Central Schools Services Block (CSSB) has seen an increase on the per pupil funding of 10.9%, including £1.92 per pupil for the passporting of the teachers' pay and pension grants for centrally employed teachers. The increase in pupil numbers for the October 2021 census provides a funding increase of £55,900.
- 6.2 The 2022-23 income received for the centrally employed Teachers pay and pension grants equates to £49,300 which matches the funding received from the individual grants in 2020-21. It is proposed to transfer this funding to the Education Department to fund the increased costs for centrally employed teachers.
- 6.3 The EFSA has agreed with the following agencies to continue to purchase a single national licence managed by them for all state funded schools in England:
- Christian Copyright Licensing International (CCLI);
 - Copyright Licensing Agency (CLA);
 - Education Recording Agency (ERA);
 - Filmbank Distributions Ltd (for the PVSL);
 - Mechanical Copyright Protection Society (MCPS);
 - Motion Picture Licensing Company (MPLC);
 - Newspaper Licensing Authority (NLA);
 - Performing Rights Society (PRS);
 - Phonographic Performance Limited (PPL); and
 - Schools Printed Music Licence (SPML).
- 6.4 These licences are funded centrally and for 2022-23 the budget provision has been set at £130,300, which reflects the increase in charges and pupil numbers for 2022-23, which is expected to meet the central charges from the DfE for the financial year.
- 6.5 Other proposed budget increases in the CSSB are:
- £66,900 for the duties retained on behalf of all schools that were formally part of the Education Support Grant reflecting the increase in the number of pupils in the City and increased cost of delivery.
 - £12,800 for the Admissions Service to reflect the increased cost of delivery.
- 6.6 It is proposed to retain the Schools Forum budget at £16,000 as in 2021-22.
- 6.7 The overall budgeted expenditure within the CSSB is £1,019,500, which matches the authority's funding allocation for 2022-23.

7 Early Years

- 7.1 The DfE have confirmed that the DSG hourly funding rate for 2022-23 will increase by £0.17 to £5.00 for three and four year olds and £0.21 to £5.80 for two year olds.
- 7.2 As set out in Table 1 the indicative funding for the local authority has reduced by £960,200 despite the increase in the funded rate, due to a reduction of 288,400 hours recorded in the January 2021 census compared to January 2020. The funding for 2022-23 initially uses the January 2021 census to calculate the number of hours funded, with an adjustment in July 2022 to reflect the number of hours on the January 2022 census (to cover the period April 2022 to August 2022). This is followed in July 2023 with a further adjustment in the 2023-24 financial year to reflect the January 2023 census (to cover the period September 2022 to March 2023).
- 7.3 There is some uncertainty regarding the January 2022 census numbers, particularly in light of the current situation around Covid-19, but the census numbers are not expected to be higher than January 2021, which could lead to a further reduction in funding to the authority during 2022-23.
- 7.4 The local authority is able to hold up to 5% of the hourly rate to pay for central services for Early Years. The amount the Council retains is currently 4.2% which pays for the support services to Early Years, but reduction in hours represents a £63,400 reduction to this funding, and so the current consultation to Early Years providers includes the proposal to increase this by 3p per hour, and would take the overall retention to 4.8%, to protect as much as possible the support providers receive.
- 7.5 The response to the consultation and the proposed early years funding formula will be brought to the February 2022 meeting.

8 High Needs

- 8.1 In December 2021 the initial High Needs Block allocation is a £3.0m increase from 2021-22, with the final amount to be announced in July 2022 once the movement of pupils between authorities is known (called the import/export adjustment).
- 8.2 At the time of writing, there are a number of discussions in progress regarding the High Needs budgets, these include:
- a request from Flying Bull Academy Alternative Provision unit regarding an increase in the Alternative Provision Top-up rates. A consultation is likely to be brought to Schools Forum for the authority has been in discussion with the Academy Trust and is reviewing the business case for the increase, a short consultation will be undertaken with schools.
 - a review of the long-term impact of the increase in high needs places
 - the impact of lagged funding

- a review of the carry forward to support the funding gap.
- 8.3 The authority is also reviewing the affordability of increasing the Element 3 top-up rates for Special Schools, Alternative Provision, Inclusion Centres and mainstream funding bands. The proposed High Needs budget will be brought to the February 2022 Schools Forum and Cabinet Member Decision Day meetings.

9 Supplementary Funding

- 9.1 In the Autumn Spending Review 2021 the Government announced a further £1.6bn of funding for Schools and High Needs for 2022-23 financial year. The additional funding will support schools to cover the costs of the Health and Social Care Levy, the delivery of a £30,000 starting salary for all new teachers, continued support to help pupils catch up from the effects of the pandemic and wider cost pressures. This is on top of the previous settlement of an additional £7.1bn for the financial year. The funding will be paid in the following ways:

- Mainstream schools - (age 5 to 16 Provision) - Schools Supplementary Grant
- High Needs - an increase to the High Needs Block
- Nursery Units in schools - Schools Supplementary Grant

- 9.2 The grant methodology states that the grant is only payable to public sector employers.

Mainstream Schools - Schools Supplementary Grant

- 9.3 Of this funding £1.2bn has been set aside for schools, Portsmouth's proportion of this funding will equate to approximately £4m.

- 9.4 The additional funding is being paid as a separate supplementary grant in 2022-23 and is expected to be incorporated into the DSG schools Block from 2023-24 onwards.

- 9.5 School level allocations and the timing of payments will be published in spring 2022 and will be passported to schools in the same way as other school grants such as the Pupil Premium. The funding will be calculated using:

- A basic per pupil rate
- A lump sum paid to all schools regardless of pupil numbers
- A per pupil rate for pupils that are recorded as having been eligible for free school meals at any point in the last 6 years (FSM6).

- 9.6 Pupil numbers will be based on the October 2021 census and the values will be uplifted by the authority's area cost adjustment. Appendix 5 sets out the published values for the supplementary grant along with the expected impact of the area cost adjustment.

High Needs

- 9.7 Nationally the supplementary grant contains an additional £325m additional funding for high needs, of which Portsmouth's allocation is approximately £1m.
- 9.8 The funding is on-top of the DSG High Needs Block allocation and is subject to the same conditions of grant as the DSG. The additional funding is expected to be paid to Special Schools and Alternative Provision providers as part of the Element 3 Top-up funding, but also takes into account that colleges and other providers offering extra hours of study to students with high needs may require additional funding to support those students.
- 9.9 The guidance issued by the DfE is limited and the authority is considering the methodology of distributing the funding to Special Schools, Alternative Provision settings, colleges and other providers. Further information will be brought to the February Schools Forum and Cabinet Member Decision meetings.
- 9.10 As mainstream schools will receive additional funding through the mainstream supplementary grant, the element 3 Top-up for Inclusion Centres and mainstream pupils with and EHCP will not be increased in relation to this grant.

Early years

- 9.11 The grant also provides funding for early years provision in schools. The information relating to this funding is limited, but the guidance issued to date states that the funding will be based on a per pupil amount and will use the January 2022 census to establish pupil numbers.

10 Dedicated Schools Grant Balances

- 10.1 Current modelling suggests that the final carry forward balance from 2021-22 will be in the region of £5.7m, however this could change before the end of the financial year. The £5.7m includes the planned underspend on the Growth Fund of £304,100 and Schools Specific Contingency of £124,300 which is proposed to be carried forward for the same purpose in 2022-23.
- 10.2 Any residual balance carried forward would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurrent expenditure.
- 10.3 A number of initiatives are being considered that may require the use of the balances to support them. The proposals and funding requirements will be brought to a future Schools Forum and Cabinet Member meeting for endorsement and approval, the proposals could require Secretary of State approval.

- 10.4 The impact of the above proposals on the brought forward balance is set out in the Table below, following the work on the High Needs block this will be revised in the February 2022 meeting.

Table 6 - Estimated 2021-22 Carry forward		
	£m	£m
Forecast carry forward as of 31 December 2021		5.712
Estimated impact of Early Years autumn term census	(1.092)	
Revised forecast carry forward as of 31 December		4.620
Impact of decisions on 2021-22 carry forward		
Schools specific contingency	(0.124)	
Carry forward of Growth Fund balance	(0.304)	(0.428)
Estimated available DSG carry forward		4.192

- 10.5 It is prudent to retain a healthy carry forward balance to support the potential financial risks and pressures arising in 2022-23. The potential balance will be around 2.3% of the total DSG funding for 2022-23.

11 Reasons for recommendations

- 11.1 The recommendations within this report seek to allocate DSG resources appropriately and fairly, and to provide the best possible outcomes for pupils in the City. They are consistent with the requirements that are anticipated will be contained within the updated School and Early Years Finance (England) Regulations. Local Authorities are expected to submit their determination of the mainstream school funding to the Department for Education by 21 January 2022. It is expected that Local Authorities will be required to make an initial determination of their schools' budget no later than the 28 February 2022.

12 Integrated impact assessment

- 12.1 This report and the proposals within form part of, and are consistent with, the national implementation of the schools and high needs National Funding Formula as directed by the Department of Education and set out in the School and Early Years Finance (England) Regulations 2022.
- 12.2 The funding system does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.
- 12.3 An Integrated Impact Assessment (IIA) has been completed and is attached at Appendix 2. It confirms that the proposals will not have a negative impact on areas of equality and diversity, communities & safety, regeneration & culture, environment and public space.

13 Legal implications

13.1 Although at the time of preparing this report these are yet to be published by central government, it is anticipated that updated School and Early Years Finance (England) Regulations will require local authorities to make an initial determination of their Schools Budget by the 28 February 2022. The recommendations in this report have regard to officers' understanding of the requirements to be contained in those updated regulations, based on operational guidance published by central government, and in particular identify elements of the proposals in respect of which Schools Forum's specific approval or endorsement is required.

14 Director of Finance's comments

14.1 Financial comments and implications are included in the body of this report.

.....
Signed by: Sarah Daly, Director Children Families and Education

Appendices:

- Appendix 1: Dedicated Schools Grant Original budget 2022-23 (Schools Block and Centrals Schools Services Block)
- Appendix 2: Portsmouth Rates to National Funding Rates Comparison Table 2021-22 to 2022-23
- Appendix 3: Supplementary Budget Share Guidance Notes for the Growth Fund and Schools Specific Contingency 2022-23
- Appendix 4: Local Authority Proforma 2022-23
- Appendix 5: Supplementary Grant funding values (Mainstream Schools) 2022-23

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Schools Revenue funding 2022 to 2023: Operational guide	Schools Revenue Funding 2022 to 2023, Operational guide, December 2021 publication
School and Early Years Finance (England) Regulations 2021	The School and Early Years Finance (England) Regulations 2021
The National Funding Formula for Schools and High Needs 2022 to 2023	The National Funding Formula for Schools and High Needs 2022-23 Policy Document

Title of document	Location
High Needs Funding 2022 to 2023: Operational Guide	High needs funding: 2022 to 2023 operational guidance - GOV.UK
Early years entitlements: local authority funding of providers: Operational Guide 2022 to 2023	Early years entitlements: local authority funding of providers operational guide 2022 to 2023 - GOV.UK
Schools supplementary grant 2022 to 2023: methodology	Schools supplementary grant 2022 to 2023: methodology - GOV.UK

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by: **Sarah Daly, Director, Children Families and Education.**

Appendix 1

Appendix 1 - Dedicated Schools Grant Original; Budget 2022-23 (Schools Block and Central Schools Services Block)

	Approved 2021-22 Budget - Oct 2021 (Including Academies)	Proposed Budget Revisions	2022-23 Schools Budget Jan 2022 (Including Academies)	2022-23 Schools Budget Jan 2022 (Excluding Academies)
	£000	£000	£000	£000
Schools Block				
Individual Schools Budgets (ISB)				
Primary	72,115	390	72,505	23,813
Secondary	60,160	3,658	63,819	14,391
Total ISB	132,276	4,048	136,324	38,204
De-Delegated and Central Budgets				
Growth Fund	1,469	(174)	1,295	1,295
De-delegated Budgets	142	(18)	124	124
Academy Conversions	4	(4)	0	0
Other Schools Block Sub Total	1,615	(195)	1,419	1,419
Total Schools Block	133,890	3,853	137,743	39,623
Central School Services Block				
Schools Forum	16	0	16	16
Admissions	333	13	346	346
Licences (negotiated by DfE)	154	(24)	130	130
ESG retained duties	411	67	478	478
Central Teachers Pay /pensions grant	49	0	49	49
Central School Services Block Total	964	56	1,020	1,020
Total Expenditure	134,854	3,908	138,762	40,642
Income				
Schools Block	(133,381)	(3,934)	(137,314)	(39,194)
Central Schools Services Block	(964)	(56)	(1,020)	(1,020)
DSG Income ¹	(134,344)	(3,990)	(138,334)	(40,214)
One-off use of Carry Forward ²	(510)	81	(428)	(428)
Total Income	(134,854)	(3,908)	(138,762)	(40,642)

1 Includes reimbursement of Growth funding for Academy schools

2. Includes carry forward of Schools Specific Contingency and Growth funding

1 Appendix 2 - Portsmouth National Funding Rates Comparison Table 2021-22 to 2022-23

Funding Factors	Payable for:	Unit rate 2021-22 ²		Unit Rate 2022-23 ³	
		Primary £	Secondary £	Primary £	Secondary £
Basic Entitlement Number on Roll (NOR) NOR Key Stage 3 NOR Key Stage 4	Primary including reception Key stage 3 pupils Key stage 4 pupils	3,167	4,466 5,033	3,263	4,601 5,185
Deprivation Free School Meals Free School Meals Ever 6	Free School Meals (FSM) Free School Meals Ever 6	467 583	467 852	477 599	477 878
IDACI F	Pupils ranked between 9,033 and 12,316	218	314	224	325
IDACI E	Pupils ranked between 5,748 and 9,032	264	421	274	432
IDACI D	Pupils ranked between 4,106 and 5,747	416	588	426	604
IDACI C	Pupils ranked between 2,464 and 4,105	451	639	467	660
IDACI B	Pupils ranked between 822 and 2,463	482	690	497	710
IDACI A	Pupils ranked between 1 and 821	629	877	650	903
Prior attainment Primary	Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)	1,111		1,147	
Secondary	Pupils not achieving the expected standard in Key Stage 2 at either reading, writing or maths		1,684		1,735
English as an additional Language	EAL eligible pupils who started school within the last 3 years	558	1,506	574	1,552
Mobility		913	1,308	939	1,349
Lump Sum⁴	Flat rate per school	132,998	132,998	137,124.74	137,124.74

² Note: the 2021-22 rates represent the values for Portsmouth schools based on the national NFF rates multiplied the area cost adjustment of 1.01416

³ Note: the 2022-23 rates represent the values for Portsmouth schools based on the national NFF rates multiplied by the area cost adjustment of 1.01419 and rounded to the nearest pound

⁴ The lump sum was increased above the NFF plus area cost adjustment to pass funding released from the Growth Fund and Charter disapplication request in 2021-22 and 2022-23 to all schools.

Appendix 3: Supplementary Budget Share Guidance Notes for The Growth Fund and Schools Specific Contingency 2022-23

Please see separate document

Appendix 4: Local Authority Pro-forma (APT) 2022-23

See separate document.

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Schools Funding Formula

**Supplementary Budget Share Guidance Notes
For
The Growth Fund
and Schools Specific Contingency**

**For
Primary and Secondary
Schools**

2022-23



**Portsmouth
CITY COUNCIL**

Primary and Secondary Schools

Supplementary Budget Share Guidance Notes For The Growth Fund and Schools Specific Contingency

Contents

1	Centrally held funds to support Primary and Secondary Schools in 2022-23.....	3
1.1	Exceptional Growth Fund.....	3
1.2	Increasing Age Range	7
2	School Specific Contingency	8

1 Centrally held funds to support Primary and Secondary Schools in 2022-23

1.1 Exceptional Growth Fund

Applies to: Maintained schools and Academies

Increasing Published Admission Number

Funding additional to the budget share will be allocated to schools that experience a planned increase in the Published Admission Number (PAN). The criteria (see below) to determine whether a school is eligible for funding for growth was agreed at Schools Forum in January 2022 for implementation from April 2022.

Criteria

Growth funding will be allocated to schools who meet the following criteria:

- *Funding will only be allocated when the growth (either permanently or as a bulge class) meets the basic need requirement of the local authority and the school is increasing both its Published Admission Number (PAN) and its planned intake of pupils in the current financial year (1 April to 31 March).*
- *And - The Deputy Director of Education formally approves to increase the capacity of a school.*
- *¹And - The planned growth in pupil numbers is a multiple of a complete half form entry, where a half form entry is equal to 15 pupils.*

1. It is acknowledged that some form entries may be below the full form number of 30 pupils e.g. 28 pupils. In these instances numbers will be rounded to the nearest eligible entry level.

What the growth fund covers

The additional pupils joining a school in September will be included in the October census. The census data is used to calculate the funding for the following financial year; which maintained schools receive from April. Therefore the growth fund finances the "gap" for maintained schools from September to March.

Academies are funded through the same local formula as maintained schools but receive their funding on an academic year basis, rather than the financial year basis of maintained schools.

Therefore academies will not receive their formula funding based on the October census until the following September. The growth fund for academies finances the "gap" from September up to the following August. The additional 5 months funding for academies is paid by the Local Authority and reimbursed by the Education and Skills Funding Agency.

Methodology

The allocation from the growth fund to schools who meet the above criteria will be as follows:

The annual payment for approved growth for a full form entry of 30 pupils will be equal to a lump sum of £60,900 for Primary Schools and Academies and £144,000 for Secondary Schools and Academies.

Where a growth payment has been approved for a maintained or academy school the amount paid will be as follows:

Period September to March - maintained schools and academies

Payments for the period September to March will equate to 7/12ths of the annual amount as follows:

- £35,525 - Primary schools and academies
- £84,000 - Secondary schools and academies

Period April to August - academies only

Payments to academies for the period April to August will equate to 5/12ths of the annual amount as follows:

- £25,375 - Primary academies
- £60,000 - Secondary academies

Funding will be pro-rated for part form or multiples of full form entry, for example:

- The total sum above will be multiplied by 0.5 for a part form entry of 15 pupils
- For an increase of one and a half form entry (45 pupils) the total sum will be multiplied by 1.5
- Entry numbers falling under the half form or full form levels will be rounded to the nearest eligible entry level. Where form entries are less than 50% of the half form entry numbers these entries will not be eligible for growth funding.

A payment will be made for each year that the school is growing until the earliest of the following:

- The school reaches full capacity attributable to the increase in PAN approved by the Deputy Director of Education
- The Growth Fund criteria changes due to affordability
- There is a change in the funding formula as directed from the Education and Skills Funding Agency.

No allocation will be made to a school or academy where the school or academy:

- *Has surplus places and then takes additional children up to the PAN*
- *Admits over PAN at their own choice*
- *Admits extra pupils where those pupils have a reasonable alternative school place*
- *Increases the PAN of one year by reducing the PAN of another (e.g. increasing the PAN in year 7 by reducing the PAN in year 10)*
- *Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc. as these numbers will be low on an individual school basis.*

Funding will not be allocated from this fund to a school which has received additional funding in the year, through its budget share as a result of an agreed variation in its pupil numbers.

***Example**

The maintained/academy primary school has been requested by the Local Authority to increase the PAN from a one and a half form entry (45 pupils) to a two-form entry (60 pupils) from September 2022; this was approved by the Deputy Director of Education in October 2021.

Whilst the increase was agreed in 2021-22, the payment will be made in financial year 2022-23 as this is the year that the changes will come into effect.

The Increase in PAN is for half a form entry of 15 pupils therefore the payment will be pro-rated by 0.5.

For example the calculation would be: 7/12ths of £60,900 lump sum ($£60,900/12*7$) = £35,525

$£35,525 \times 0.5 = \mathbf{£17,763}$ payment to the school.

For an academy school they will receive an additional payment to cover the period April 2023 to August 2023, which would be calculated.

5/12ths of £60,900 lump sum ($£60,900/12*5$) = £25,375

$£25,375 \times 0.5 = \mathbf{£12,687}$ payment to the school.

*Example calculated using primary school rate

Payment method

Where a maintained or academy school meets the criteria and the growth is known at the point of setting the budget for the financial year, payment will be made within 30 days of the beginning of the financial year which runs 1 April to 31 March

Where growth is identified during the financial year funding will be paid within 30 days of the receipt of the following notification:

- Maintained and Academy schools - PAN increases
Written approval to change the Published Admissions Number (PAN), by the Deputy Director of Education
- Maintained and Academy - Bulge classes:
The receipt by the Children's Finance team of the written confirmation from Deputy Director of Education that the Bulge class has materialised.

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Applies to: Maintained schools and Academies

1.2 Increasing Age Range

Where a school is amending its age range, funding may be allocated from the 'Growth Fund' up to a maximum of £280,000, with the specific approval of schools forum, where the following criteria are met:

- The increased school places are required in order to meet basic need within the area and have been agreed with the Local Authority.
- The increased places relate to pre-16 pupils.
- The new school places are not within the schools current phase.
- A business case has been submitted by the school which sets out the expected set-up costs to be incurred.
- Any funding allocated would be to support the following areas of expenditure:
 - additional leadership team capacity
 - additional secretarial support
 - publicity, promotion and advertising of the new school
 - consultancy
 - curriculum costs
 - recruitment costs
 - other revenue costs related to set-up of the new school

If the above criteria are met, the funding would be allocated from the 'growth fund' in full to the school in a single funding period. The funding allocation would be calculated as £445 multiplied by the total number of additional places anticipated to be created in the school as a result of the change in the schools age range up to the maximum permitted.

Where a school is eligible for an allocation from the growth fund based on both the 'Increasing Published Admission Number' and the 'increased age range' criteria, then the school will only be eligible for an allocation from one of these mechanisms within the financial year.

2 School Specific Contingency

Applies to: Maintained Primary and Secondary Schools only

Purpose of the fund

The School and Early Years Finance (England) Regulations, permit the creation of a 'schools specific contingency' via the de-delegation of funding through the schools revenue funding formula. The contingency fund supports only Primary and Secondary maintained schools.

The purpose of the fund is to support maintained Primary and Secondary schools that have incurred expenditure, which it would be unreasonable to expect them to meet from the schools' budget share. This may include:

- schools in financial difficulty
- new, amalgamating or closing schools
- the writing-off of deficits of schools which are discontinued, excluding any associated costs or overheads
- other expenditure where the circumstances were unforeseen when initially determining the schools budget share.

Section 4 of the Scheme for Financing Schools continues to apply in respect of schools that are or are likely to be facing a deficit balance.

Criteria for accessing the fund

The fund is only available to maintained Primary and Secondary Schools in Portsmouth

Where as a result of exceptional expenditure or loss of income a school is experiencing financial difficulty, or has incurred other expenditure which it would be unreasonable to expect the school to meet from its budget share, then financial support will be considered for eligible schools where the following criteria are met:

- The costs or loss of income **must** have had a disproportionate effect on the schools budget.
- The costs or loss of income:
 - arose as a consequence of decisions by bodies outside of the control of the school or its governing body;
 - are exceptional in nature;
 - could not have been foreseen by the school or governing body.
 - The governing body has taken steps to mitigate the impact, where possible.
 - Additional costs for new, amalgamating or closing schools.

Criteria for new maintained schools:

Funding of costs in respect of the initial set-up of new maintained schools will be considered where a business case has been submitted by the school which sets out the expected costs to be incurred; and the following conditions are met:

- The increased school places are required in order to meet basic need within the area and have been agreed with the Local Authority.
- The increased places relate to pre-16 pupils.
- Any funding allocated would be to support the following areas of expenditure:
 - Initial leadership team capacity
 - Initial secretarial support
 - publicity, promotion and advertising of the new school
 - consultancy
 - curriculum costs
 - recruitment costs
 - other revenue costs related to set-up of the new school

One-off funding will be allocated based on the business case submitted, up to a maximum funding allocation of £445 multiplied by the total number of additional places anticipated to be created in the school.

Criteria for amalgamating schools:

Where two or more schools amalgamate, an amount equivalent to the closing balances of the previously maintained schools will be allocated to the new school.

Criteria for closing schools:

In the case of closing maintained schools, which are not amalgamating or converting to academy status under the Academies Act 2010, the contingency may fund additional costs where the school has insufficient balances and the costs are eligible to be funded from the Dedicated Schools Grant.

Where a maintained school is discontinued, any remaining deficits balances may be charged against the contingency. Where it is necessary to use the contingency for this purpose it will be reported to the Schools Forum at the next scheduled meeting.

Decision Making Process

Where a school believes that their circumstances warrant support from the 'schools contingency fund', then the governing body should submit a request to the Finance Manager for Children, Families and Education.

The submission will be reviewed by the Deputy Director of Education and the Finance Manager for Children, Families and Education. The level of the schools revenue and capital balances will also be considered as part of the review of any submission.

Any application which the Deputy Director of Education and the Finance Manager for Children Families and Education assess as meeting the above criteria, will be presented to the Schools Forum at the October and February meetings to make the final decision as to whether to provide financial support from the fund.

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Local Authority Funding Reform Proforma

LA Name:

Portsmouth
851

LA Number:

Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level
£4,265	£5,321.00	£5,831.00	£5,525.00

Disapplication number where alternative MPPF values are used

Pupil Led Factors

Description	Reception uplift	Pupil Units		0.00		Total	Proportion of total pre MFG funding (%)	Notional SEN (%)		
	No	Amount per pupil	Pupil Units	Sub Total	Primary			Secondary		
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)										
Primary (Years R-6)		£3,263.00	15,914.00		£51,927,370	£99,623,623	37.98%	6.00%		
Key Stage 3 (Years 7-9)		£4,601.00	6,056.00		£27,863,631		20.38%	6.00%		
Key Stage 4 (Years 10-11)		£5,185.00	3,825.00		£19,832,622		14.51%	6.00%		
2) Deprivation						£16,171,440	11.83%			
FSM		£477.00	5,089.00	2,916.00	£3,818,379			20.00%	20.00%	
FSM6		£599.00	5,399.00	3,496.00	£6,303,516			20.00%	20.00%	
IDACI Band F		£224.00	1,844.73	1,108.48	£773,479			20.00%	20.00%	
IDACI Band E		£274.00	2,315.91	1,387.02	£1,233,757			20.00%	20.00%	
IDACI Band D		£426.00	302.07	169.14	£230,842			20.00%	20.00%	
IDACI Band C		£467.00	1,547.69	916.87	£1,327,908			20.00%	20.00%	
IDACI Band B		£497.00	1,398.71	905.85	£1,338,315			20.00%	20.00%	
IDACI Band A		£650.00	947.50	586.23	£1,145,244	20.00%	20.00%			
3) Looked After Children (LAC)	LAC March 19			145.54	£0	£1,578,614	0.00%			
4) English as an Additional Language (EAL)	EAL 3 Primary	£574.00	1,854.67		£1,064,574		1.05%	0.00%		
	EAL 3 Secondary			239.83	£372,222			0.00%		
5) Mobility	Pupils starting school outside of normal entry dates	£939.00	129.56	14.95	£141,819		0.10%			
6) Low prior attainment						£9,969,492	7.29%			
	Primary low prior attainment		£1,147.00	29.80%	4,743.02			£5,440,271	100.00%	
	Secondary low prior attainment (year 7)	64.53%		26.71%						
	Secondary low prior attainment (year 8)	64.53%		26.61%						
	Secondary low prior attainment (year 9)	64.53%	£1,735.00	26.65%	2,610.49			£4,529,221		100.00%
	Secondary low prior attainment (year 10)	63.59%		27.53%						
	Secondary low prior attainment (year 11)	58.05%		24.47%						

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)		
7) Lump Sum	£137,124.74	£137,124.74			£7,816,110	5.72%			
8) Sparsity factor					£0	0.00%			
Rows 46 to 49 are populated with the NFF methodology, please leave this as is if you wish to follow the NFF. As per the Operational Guidance, the distance thresholds can be increased or the year group size thresholds decreased and the distance threshold taper is optional. An alternative method of allocation to the NFF's average year group size taper can be chosen: the continuous taper (Tapered) or fixed sum (Fixed). Examples of each are provided in the Operational Guidance.									
Primary distance threshold (miles)	2.00	Primary pupil number average year group threshold	21.40	Apply primary distance taper	Yes	NFF, tapered or fixed sparsity primary lump sum?	NFF		
Secondary distance threshold (miles)	3.00	Secondary pupil number average year group threshold	120.00	Apply secondary distance taper	Yes	NFF, tapered or fixed sparsity secondary lump sum?	NFF		
Middle schools distance threshold (miles)	2.00	Middle school pupil number average year group threshold	69.20	Apply middle school distance taper	Yes	NFF, tapered or fixed sparsity middle school lump sum?	NFF		
All-through schools distance threshold (miles)	2.00	All-through pupil number average year group threshold	62.50	Apply all-through distance taper	Yes	NFF, tapered or fixed sparsity all-through lump sum?	NFF		
9) Fringe Payments					£0	0.00%			
10) Split Sites					£0	0.00%			
11) Rates					£1,005,976	0.74%			
12) PFI funding					£170,087	0.12%			
13) Exceptional circumstances (can only be used with prior agreement of ESFA)									
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)		
Additional lump sum for schools amalgamated during FY21-22					£0	0.00%	0.00%	0.00%	
Additional sparsity lump sum for small schools					£0	0.00%			
Exceptional Circumstance3					£0	0.00%			
Exceptional Circumstance4					£0	0.00%			
Exceptional Circumstance5					£0	0.00%			
Exceptional Circumstance6					£0	0.00%			
Exceptional Circumstance7					£0	0.00%			

Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)	£136,335,342	99.72%	
14) Additional funding to meet minimum per pupil funding level	£379,507	0.28%	
Total Funding for Schools Block Formula (excluding MFG Funding Total)	£136,714,849	100.00%	
15) Minimum Funding Guarantee	2.00%	£546,789	
Where a value less than 0.5% or greater than 2% has been entered please provide the disapplication reference number authorising the value			

Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)		No		
Capping Factor (%)		Scaling Factor (%)		
Total deduction if capping and scaling factors are applied		£0		
		Total (£)	Proportion of Total funding(%)	Notional SEN (%)
MFG Net Total Funding (MFG + deduction from capping and scaling)		£546,789	0.40%	
Total Funding for Schools Block Formula		£137,261,638		£19,181,197
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)				
Additional funding from the high needs budget		£0.00		
Growth fund (if applicable)		£558,147.00		
Falling rolls fund (if applicable)		£0.00		
Other Adjustment to 21-22 Budget Shares		£0		
Total Funding For Schools Block Formula (including growth and falling rolls funding)		£137,819,785		
% Distributed through Basic Entitlement		72.87%		
% Pupil Led Funding		93.15%		
Primary: Secondary Ratio		1 :	1.33	
22-23 NFF NNDR allocation		£938,068		
Total Funding For Schools Block Formula (including growth and falling rolls funding) after deduction of 22-23 NFF NNDR allocation		£136,881,718		

Agenda Item 6



Portsmouth
CITY COUNCIL

Title of meeting: Schools Forum

Date of meeting: 19 January 2022

Subject: Dedicated Schools Grant 2021-22 Quarter 2 Budget Monitoring

Report by: Chris Ward Director of Finance

Wards affected: All

Key decision: Yes/No

Full Council decision: Yes/No

1 Purpose of report

1.1 The purpose of this report is to inform Schools Forum of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2021-22 as at the end of September 2021.

2 Recommendations

2.1 It is recommended that Schools Forum:

2.1.1 Notes the forecast year end budget position for the Dedicated Schools Grant as at 30 September 2021, together with the associated explanations contained within this report.

3 Background

3.1 The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.

3.2 In February 2021, the Cabinet Member for Children, Families and Education approved, and Schools Forum endorsed, the Original DSG budget for the 2021-22 financial year. The budget was revised and subsequently endorsed by Schools Forum and approved by Cabinet Member in October 2021.

3.3 Whilst the budget revisions had not been approved when the accounting period closed the revised budget has been included in this report to provide a more complete picture of the financial forecast.

3.4 This report provides Schools Forum with the latest forecast estimate of the year-end outturn at 30 September 2021 as set out in Table 1 below.



Table 1 - Dedicated Schools Grant				
	Original budget 2021-22 £000's	Revised Budget 2021-21 £000's	Projected outturn 2021-22 £000's	Projected over / (under) spend £000's
Income				
DSG Brought forward 2020-21	0	(5,498)	(5,498)	0
DSG and other specific grants	<u>(78,791)</u>	<u>(77,792)</u>	<u>(77,792)</u>	<u>0</u>
Total Income	(78,791)	(83,290)	(83,290)	0
Expenditure				
Schools block				
Primary ISB	28,859	27,554	27,554	0
Secondary ISB	13,699	13,699	13,699	0
De-delegated and growth fund	<u>1,390</u>	<u>1,603</u>	<u>1,603</u>	<u>0</u>
Total Schools block	43,947	42,856	42,856	0
Central School Service	810	964	964	0
Early Years block				
Nursery ISB	11,587	11,587	11,587	0
Other Early Years	2,702	2,702	2,702	0
High Needs block				
High Needs ISB	967	1,006	920	(86)
Other High Needs cost	19,068	19,188	18,411	(777)
Total Expenditure	79,081	78,302	77,439	(863)
DSG Carried forward	(290)	4,988	5,852	863

3.5 Overall, the budget is forecast to underspend by £863,000, the details of which are set out in the sections below.

4 Early Years Block

4.1 At the end of the second quarter, the Early Years Block is forecast to be on budget. The authority has received the confirmed pupil numbers for the summer term, which are close to the budgeted estimates. As the autumn term progresses, the forecast position will be reviewed and adjusted accordingly for Quarter Three monitoring.

4.2 As previously reported, the authority will not know the adjustments to the Early Years Block funding until late autumn 2021. This follows a change to the process and timetable by the Department for Education due to the national lockdowns.



Therefore, there will be a greater level of uncertainty regarding the Early Years forecasts for the 2021-22 financial year.

5 High Needs Block

5.1 Overall, the High Needs block is forecast to underspend by £863,300.

5.2 Table 2 below summarises the forecast outturn position as at 30 September 2021.

Table 2 High Needs Budget			
	Total 2021-22		
	2021-22 Revised Budget	Forecast Outturn as at 30-Sep-21	Variance (Under)/ Over
	£	£	£
Individual School Budget (ISB)	1,006,300	919,900	(86,400)
Element 3 Top up	13,359,600	12,804,800	(554,800)
Out of City providers	3,034,800	2,705,700	(329,100)
Permanent exclusion recharge	0	(7,400)	(7,400)
EYs Complex Needs Inclusion Fund	356,200	465,900	109,700
SEN support services	963,800	963,800	0
Medical Education	675,000	679,700	4,700
Outreach	191,900	191,900	0
Special School Teachers pay and pensions	546,200	546,200	0
Fair Access Protocol	60,000	60,000	0
Total High Needs Block	20,193,800	19,330,500	(863,300)

Individual School Budget

5.3 The authority budgeted to locally fund 34 additional Special School places for the summer term, the actual pupil numbers were 14 lower than budget, providing a forecast underspend of £86,400. The budget was revised in October 2021 to take account of the changes in pupil numbers from September 2021.



Element 3 Top up

5.4 The table below provides a breakdown of the Element 3 Top-up funding forecast position.

Table 3 - Element 3 Top-up			
	Total 2021-22		
	2021-22 Revised Budget	Forecast Outturn as at 30-Sep-21	Variance (Under)/ Over
	£	£	£
EHCP Mainstream	2,735,300	2,475,700	(259,600)
Element 3 Top Up Special Schools	8,721,900	8,478,200	(243,700)
Element 3 Top Up - Inclusion Centres	354,900	343,000	(11,900)
Element 3 Top Up - AP	263,700	224,100	(39,600)
Post 16 Special Educational Needs	904,000	904,000	0
Element 3 Top Up - OLA School	379,800	379,800	0
Total Element 3 Top-up	13,359,600	12,804,800	(554,800)

5.5 The forecast position reflects that the number of pupils in receipt of Element 3 top-up funding is lower than budget for the summer term. When setting the budget, pupil numbers were increased in line with previous year's growth, but whilst the actual numbers of Education Health and Care Plans (EHCP) are increasing, it is at a lower rate than budgeted, leading to the forecast underspend.

5.6 When setting the 2021-22 budget for pupils in mainstream schools with an EHCP, pupil numbers at the start of April 2021 were expected to grow throughout the year in line with the growth in 2019-20 and 2020-21. Actual pupil numbers at the end of September 2021 were 606 an increase of 57 over the second quarter of the financial year. The forecast also includes estimated costs for a further 62 pupils over the remainder of the financial year, where EHCP assessments are in progress but not yet completed.

5.7 The Special School underspend (£243,700) reflects the 39 pupils placed in Portsmouth Special Schools by other local authorities for which Portsmouth is not responsible for paying the Element 3 Top-up and the associated Element 3 Top-up related to the reduced number of pupils in the summer term as set out in paragraph 5.3.

5.8 The net underspend on the Inclusion Centres is due to seven less pupils in the summer term, but the overall level of need was higher than budgeted. The forecast will be updated when the numbers for the new academic year are confirmed.

5.9 As with the Inclusion Centre, there were fewer pupils (13) placed in the Alternative Provision settings by the authority over the summer term compared to budget.



5.10 The September 2021 in-take of Post 16 pupils will not be agreed and finalised with colleges until after October 2021, when pupil destinations are confirmed. Therefore, the forecast position will be updated in the third quarter following receipt of the final data.

Out of City Placements

5.11 As at the end of the second quarter, the Out of City budget is forecasting an underspend of £329,100. The total budget consists of placements in Independent and Specialist providers and those at Child and Adolescent Mental Health Service (CAMHS).

5.12 The table below provides a breakdown of the forecast position.

Table 4 - Out of City Placements						
	Budget		Forecast position		Variance	
	£'000	Pupils	£'000	Pupils	£'000	Pupils
Independent & Specialist providers	2,992	47	2,693	45	(299)	(2)
CAMHS	43	7	13	2	(30)	(5)
Total	3,035	54	2,737	42	(329)	(7)

5.13 Since quarter one, the forecast underspend has increased this is due to a high-cost CAMHS placement moving to a post-16 provision.

5.14 The forecast position has not changed despite the increase in pupils numbers, this is due to a reduction in the average cost per pupil.

5.15 In addition, it should be noted that there remain a number of new placements within the forecast (based on average cost) where the funding has not been finalised, therefore the forecast position may change as the placements are finalised

Permanent Exclusion Recharge

5.16 The credit of £7,400 represents the proportion of permanent exclusion income from schools where pupils have been placed in an alternative provision setting for a period before moving to a new mainstream placement. This is an annual contribution to the element 3 top-up costs.

Early Years Complex Needs Inclusion Fund

5.17 The overspend reflects the increase in the number of pupils with complex needs receiving additional support in mainstream early years settings. As at the end of the quarter, the funding has supported 54 pupils and the forecast includes a further 29 projected for the remainder of the financial year.

6 DSG Grant funding and carry forward balances

- 6.1 As at the end of September 2021, the carry forward balance is projected to be £5.9m, but there remains uncertainty regarding the DSG Early Years Funding allocation adjustments and High Needs pupil numbers and level of need, which could have an impact on the balance. The table below provides a breakdown of the movement on the carry forward balance from 1 April and future commitments against the balance.

Table 5 - forecast carry forward balance	
	£,000
Brought forward balance as at 1 April 2021	5, 498
Schools specific contingency	(141)
Growth fund	(369)
Carry forward balance	4,988
Projected 2021/22 underspend as at 30 September 2021	863
Potential reduction in Early Years Block funding ¹	(2,133)
Forecast carry forward	3,718
Future commitments 2022-23	
Wymering places and Element 3 Top-up September 2023 (7 months)	(943)
Growth Fund budgeted carry forward to 2022-23	(221)
Turnaround project	(42)
Full year effect of revised budget high needs place changes	(688)
Uncommitted DSG carry forward	1,824

7 Reasons for recommendations

- 7.1 It is recommended that Schools Forum notes the contents of the report in respect of the financial forecast for 2021-22, as at the end of the second quarter.

8 Integrated impact assessment

- 8.1 An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity.

9 Legal implications

- 9.1 There are no legal implications arising directly from the recommendations in this report.

10 Director of Finance's comments

- 10.1 Financial comments and implications are included in the body of this report.

¹ Reflects 85% of the January 2020 pupil numbers as advised by the DfE as the funding authorities will receive if their pupil numbers are lower than the January 2020 census.

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Signed by: Chris Ward, Director of Finance and Resources

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
School and Early Years Finance (England) Regulations 2021	The School and Early Years Finance (England) Regulations 2021

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: **Chris Ward Director of Finance**

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