

ITEM 3

Dedicated Schools Grant – 2022/23 Growth Budget

Schools Block Working Group

Recommendation

The Schools Block Working Group is asked to: -

- 1) Note the 2022/23 Growth Budget
- 2) Choose from options 1 or 2 in Table 2;
- 3) Increase the SK4 budget to reflect current demands and needs.

1. Introduction

1.1 This report sets out four important updates and a recommendation for the School Forum to vote on. These key updates are:

- (a) Background of (Schools Block) Growth funding;
- (b) Croydon growth funding allocation for 2022/23 through NFF;
- (c) Determination of growth funding allocation;
- (d) Forecast Outturn and implications for 2022/23

2. Background of (Schools Block) Growth funding

2.1 Growth funding forms part of the Dedicated Schools Grant (DSG) and falls under the Schools Block allocation. The grant is allocated through the national funding formula (NFF) and each local authority's school block allocation is determined by government.

2.2 The amount payable is a provisional growth allocation which is not published until December of each year. The funding is based on the latest census data recorded and it is calculated using the growth in pupil (increase) numbers between two years of October census data.

3. Croydon Growth Funding Allocation for 2022/23

3.1 The growth budget for 2022/23 is **£2.378m**. This reported figure remains the same following the recent published DfE DSG allocations.

3.2 The local Authority however allocate the funding according to the agreed individual growth budget criteria in line with Schools Forum and DfE classifications. See current budget column in table 2.

4. Determination of Growth Funding Allocation

4.1 The methodology used by the DfE in calculating the growth funding allocation was introduced for the 2019 to 2020 financial year and has remained the same since then.

4.2 Table 1 below is just to illustrate how the funding allocation is determined. This is based on – *[Increased in pupil number between two years using October census x Area Cost Adjustment x rate (£1,485 for Primary) and (£2220 for secondary)]*. This information comes from Middle level aggregation table (MOSA).

Table 1. An Illustrative table – Growth Funding

Expenditure Type / Projects	Estimated Based line	ACA	Rate Per Pupil FOR 2022/23	Rate post ACA per Pupil	Total per Pupil
Primary School	574*	1.0841	£1,485	£1,610	£924,076
Secondary School	574	1.0841	£2,220	£2,407	£1,381,447
Lump sum				£70,800	£70,800
					£2,376,323

This figure is just used to illustrate the workings.

4.3 **Block Transfer** - As growth funding is within the schools block, the DfE does not consider any movement of funding from the schools formula into the growth fund as a transfer between blocks. This means, there is no need disapplication request with such transfers.

4.4 **Role of Schools Forum** - The DfE Operational guide however suggest that Schools Forum:

- a) Must be consulted;
- b) Must agree the total size of the growth fund.
- c) Must be consulted before any expenditure from the growth fund is incurred.

5. Acceptable criteria for Allocating growth fund

5.1 Schools Forum has already agreed sets of standards criteria (**reference appendix B, C and D**) and amounts to be awarded to qualified schools. These set of requirements are all in line with the DfE Operational guide.

5.2 The bullet points (DfE criteria) below are extracted from the DfE operational guide:

- a) Support where a school or academy has agreed with the local authority to provide an extra class;
- b) Additional support where a school has extended its age range;
- c) Support where a school has temporarily increased its pupil admission numbers (PAN), by a minimum number of pupils, in agreement with the local authority;
- d) Support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils;
- e) Pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need;

5.3 **Funding for Expansion and Bulge Class** - These pupils (growth in pupil number) are funded based on the Average Weighted Pupil Unit (AWPU) rate, from the growth fund. The funding is provided to cover the period from September to March, as the class will then be recorded on the October census.

6. Forecast Outturn - 2022/23 Growth Budget

6.1 **Underspend** - Section 28 of the DfE Operational guide for 2023/24 schools' budget requires Local authorities to report any unspent in growth funding remaining at the year end to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth.

6.2 Any overspend in growth funding will form part of the overall DSG surplus or deficit balance.

6.3 Table 2 below presents some useful expenditure options for Schools Block Working Group consideration. This is in line with the funding regulations as stated in the DfE operational guide and referred to in paragraph 6.1 and 6.2 above.

Table 2. 2022/23 Growth allocation and options

	Growth Budget - Optional Projects	Current Budget	Option 1	Option 2	
			Schools' block working group	Forum steering group	
Existing factors	Expenditure Type / Projects	Year	Year	Year	Reference
	Academy Expansion	200,000	50,000	25,000	DfE Operational Guide
	Start Up	200,000	100,000	50,000	DfE Operational Guide
	Bulge	200,000	100,000	100,000	DfE Operational Guide
	Expansion	950,000	100,000	100,000	DfE Operational Guide
	KS4 Pupils in Alternative Provision	625,000	825,000	850,000	DfE Operational Guide
	MNR (National Non-Domestic Rates)	203,316	0	0	
	Equipment/Environment (particularly for schools block schools presently accommodating children with AEN)			250,000	
Sub Total	2,378,316	1,175,000	1,375,000		
New factors	Therapies and Interventions**	0	563,316	1,003,316	DfE advise on legitimate spend of DSG
	Support Fall in roll fund	0	640,000	0	Reference. DfE Operational Guide
	Total	2,378,316	2,378,316	2,378,316	

7. Conclusion and recommendations

7.1 Schools' Forum members to note the following:

(a) The DfE Operational guide, session 29 says that "*Local authorities may set aside schools block funding to create a small fund to support good schools with falling rolls, where local planning data shows that the surplus places will be needed within the next 3 financial years*".

7.2 As there was no majority view between the schools' block working group and the Forum steering group two options are given. Members of Forum should choose option 1 or option 2.

7.3 The local authority and Schools Forum should consider a future review of all the growth factors (appendices B-E) as they no longer particularly reflect the situation in Croydon's schools.

Recommendation

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- 1) Note the 2022/23 Growth Budget
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Appendix (A): DfE Illustrative / example of fall in roll criteria

Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases.

Example 1 - DfE

To qualify, the eligible criteria would be as follows:

- a) support for schools judged as good or outstanding at their last Ofsted inspection (mandatory)
- b) surplus capacity exceeds 15% of the total PAN for the school;
- c) local authority planning data shows a requirement for at least 15% of the total surplus places within the next year;
- d) Schools must meet all the criteria above, then funding would be provided based on the AWPU rate per vacant place required, up to a maximum of the number of further places vacant from the prior year's census.

Example 2 - DfE

Schools that meet the following criteria will receive support from the falling rolls fund:

- a) good or outstanding;
- b) numbers on roll are less than 80% of total planned admission number (PAN)
- c) numbers on roll are more than 5% lower in the October 2018 census than the October 2017 census;
- d) school is in a planning area where the vacant places are required;

Example 3. Westminster Council Fall in roll Criteria

The (6) criteria for falling rolls funding to be agreed:

- a) Schools must meet the OFSTED criteria of good or outstanding to qualify;
- b) Schools with less than 5% roll reduction compared to the previous year do not qualify, schools with reductions of greater than 5% may qualify. The first 5% of the roll reduction will not be funded;
- c) Schools in receipt of falling rolls funding in previous years do not qualify;
- d) Funding will be paid at 80% of the primary AWPU rate;
- e) Funding is subject to the agreement of supporting business cases which also quantify structural changes to be made;

Appendix B: Croydon agreed growth factors

	Criteria	2019/20 Criteria
A	Start Up	£150k for both primary and secondary
B	Split Site	£150k in the first year
C	Inefficiency Factors	To reduce the current lump sum in equal instalments over the remaining forms post year 1. As laid out in tables two and three below.
D	Bulge	Allocate based on 30 pupils x APWU x AEN
E	Expansion classes	As above
F	Contingency	If numbers were below 30 in January census to look to adjust funding to a cap of 25
G	Equipment/Environment	£5k

Appendix C: Start Up - Inefficiency factor for new build schools

The principle is that when Schools get to a total of 7 classes Schools are funded entirely from formula factors – AWPU & Lump sum. The funding would be based on the number of classes unfilled before Schools reach 7 (primary) or 5 (secondary) as a percentage of the initial sum. All calculations are rounded to nearest £1K.

Years after establishment	Primary	
Year 1	Start up	£150K
Year 2	5/6 – Inefficiency	£125K
Year 3	4/6 - Inefficiency	£100K
Year 4	3/6 - Inefficiency	£75K
Year 5	2/6 - Inefficiency	£50K
Year 6	1/6 - Inefficiency	£25K
Year 7	0 - Inefficiency	£0

Years after establishment	Secondary	
Year 1	Start up	£150K
Year 2	3/4 - Inefficiency	£112.5K
Year 3	2/4 – Inefficiency	£75K
Year 4	1/4 - Inefficiency	£37.5K
Year 5	0 - Inefficiency	£0

Appendix D: Start-Up Inefficiency factor for annexes

The principle is that the inefficiency factor reduces until it reaches the same level as split site factor.

Years after establishment	Split Site Primary Annex	
Year 1	Start up	£150K
Year 2	5/6 – Inefficiency	£125K
Year 3	4/6 - Inefficiency	£100K
Year 4	3/6 - Inefficiency	£75K
Year 5	Split site factor (distance dependent)	£30 / (£35k)
Year 6	Split site factor (distance dependent)	£30 / (£35k)

Years after establishment	Split Site Secondary Annex	
Year 1	Start up	£150K
Year 2	3/4 - Inefficiency	£112.5K
Year 3	2/4 – Inefficiency	£75K
Year 4	1/4 - Inefficiency	£37.5K
Year 5	Split site factor (distance dependent)	£30/ (£35k)

The differences between split site and start-up funding in years 1 to 4 would be funded from the growth fund.

Appendix E

Academy Expansion - Academies who take on an expansion class are entitled to receive pupil funding for the period April to August. The April to August payment is not made in the same LA financial year as the budget, so there is a lag between budget and payment.

Start Up - Start-up funding is given to newly opened schools and the income is allocated based on the number of empty classes. Funding in Year One begins at £150K and decreases by £25k until Year Six when the last payment is made. These primary schools are currently in years four, five and six of their establishment

Bulge - Bulge class funding is allocated to schools who enrol an additional class of pupils. In the first year, the additional pupils who are enrolled in September are not counted on the previous October census, meaning this cohort of pupils are not funded within the school's current budget. From year 2 to year 7 of the bulge, there is funding provided in respect of equipment, in which Croydon allocates £5k per year until the bulge class leaves