

Dedicated Schools Grant (DSG) School Funding Formula Factors Review

Schools Forum – 8 November 2021

Recommendation

The Schools Forum is asked to: Agree on the formula factors to be used in the setting of the 2022/23 schools budgets set out in Table 2 below

Members of Forum allowed to vote:-

All school and academy members are able to vote. Only early years representatives from the non schools members are able to vote. Non-school members even if represented by school staff are not eligible to vote.

1. Background

- 1.1 Local Authorities receive their DSG funding based on the revised DfE National Funding Formula. The Department for Education (DfE) usually publishes indicative allocations under the NFF at a school level using the October census.
- 1.2 The schools block NFF calculates a notional allocation at a school level and then aggregates these to produce the LA level allocations. The Department for Education (DfE) have confirmed the intention to move to a 'hardening' of the individual factors between now and 2024/25.
- 1.3 Local authorities may continue to ascertain funding allocations for schools through a local formula. Schools Forum made the decision to move closer to the NFF on some factors by taking the mid-point between the previous year's factor rate and the NFF rate. This paper sets out each of the factors that are used in the Croydon local formula, the rate/amounts in the NFF, the rates at the midpoint between the two and any other options for each factor agreed.
- 1.4 The schools block is ring-fenced in 2022 to 2023, but local authorities can transfer up to 0.5% of their schools block funding into another block, with the approval of their schools forum. However, there is no request to transfer between blocks at this time.

2. Provisional funding allocation

- 2.1 The NFF provisional allocation for 2022/23 is below in Table 1. The funding is an indicative allocation and subject to change following pupil numbers adjustments after the October census. Final allocations have in prior years been issued in late December. The movement shows an indicative increase of £5m from the 2021/22 final allocation.
- 2.2 The Teachers pensions & the teachers' pay award grants were rolled into the school's block funding in 2021/22 other than an additional allocation. In 2022/23 the grants totalling approx. £14.5m has been fully rolled into the school's block and there will be no further teachers' pension or teachers' pay grants.

Table 1 Schools Block provisional allocation 2022/23

	Total 2021/22 final allocation	Provisional funding in 2022/23	Movement
Schools block allocation	£281,312,962	£286,333,669	£5,020,707

3. Formula factors

The formula factors used in Croydon which received Schools Forum approval at the meeting of 4th October 2021 are summarised here in Table 2.

Table 2 Formula factors used in Croydon 2021-22

Para No.	Formula factor	Approval type -2022/23
3.1	Minimum per pupil funding	To note (compulsory factor and rate)(Need to add a row for split site
3.2	Age weighted pupil unit	To note (compulsory factor and local rate)
3.3.1	Deprivation - IDACI	To agree to continue to use as a method of calculating deprivation; To agree rates to be used (compulsory / discretionary)
3.3.2	Deprivation - FSM	To agree to continue to use as a method of calculating deprivation; To agree continue to follow NFF rates (compulsory / discretionary)
3.4	Low prior attainment	To agree (optional / discretionary)
3.5	English as an additional language	To agree (optional / discretionary)
3.6	Looked after children	To agree (optional / discretionary)
3.7	Lump Sum	To agree (optional / discretionary)
3.8	Mobility	To agree (optional / discretionary)
3.9.1	Private Finance Initiative - RPI	Compulsory factor as have one but with an (optional / discretionary)
3.9.2	Private Finance Initiative – base rate increase	To agree (optional / discretionary)
3.10	Minimum Funding Guarantee	To agree (compulsory)
3.11	Growth	Criteria for growth agreed SF 5th October 2020
3.12	Split Site	To agree (optional / discretionary)

3.1 Minimum per pupil level funding

Minimum per pupil funding level is set by the NFF to ensure that each pupil attracts a basic level of funding thus ensure that if no other factor is relevant that there is a minimum level each pupil at each school phase should be funded for.

Table 3 Rates for Minimum per pupil level funding

School phase	NFF & Croydon rate per pupil 2020/21	NFF & Croydon rate per pupil 2021/22	NFF & Croydon 2022/23 rate per pupil	Variance
Primary school	£3,750	£4,180	£4,265	£85
Secondary school	£5,000	£5,465	£5,576	£111

3.1.1 Schools Forum are requested to note the mandatory minimum per pupil level funding rates for 2022/23.

3.2 Age weighted pupil unit (AWPU)

The funding formulae will calculate our rate of AWPU **after** all the other factors amounts have been allocated. The amount will be dependent on our final allocation from the DfE in December. The AWPU rates for prior years are below. Our initial modelling of the indicative allocations shows an expected increase in the AWPU rates for 2022/23.

Table 4 AWPU rates

School phase	2020-21 rate per pupil (@NFF/local midpoint)	2021-22 rate per pupil (@NFF/local midpoint)	2022/23 proposed rate per pupil	AWPU at NFF rates	AWPU at midpoint rates
Primary (Yrs R-6)	£3,396.13	£3,734.33	TBC	£3,893.25	£3,914.34
Key Stage 3 (Yrs 7-9)	£4,389.41	£4,798.12	TBC	£5,002.88	£5,030.05
Key Stage 4 (Yrs 10-11)	£4,689.89	£5,112.15	TBC	£5,335.65	£5,365.31

3.2.1 Schools Forum are requested to note that the final AWPU can only be determined after the LA receives the final allocation from the DfE and after all other factors have been distributed.

3.3 Deprivation

This is a compulsory factor and is made up of 3 elements; free school meals (FSM), free school meals 6 (FSM6) and the income deprivation affecting children index (IDACI). Schools Forum can choose to use free school meals (FSM and FSM6) and/or IDACI.

For 2022/23 the DfE have set revised IDACI banding rate amounts. The intention is for this factor to be moved to a 'hard formula' to introduce nationally consistent factor values.

Table 5 sets out the NFF IDACI rates per primary and secondary pupil alongside the midpoint rate from the 2021/22 IDACI rate used in Croydon. Based on the rates in the table, Croydon would distribute a total of £10.8m using the NFF rates and £10.1m using the midpoint.

See Appendix A for definition of FSM6 relates to and the IDACI movements

Table 5 IDACI rates

School phase	Primary schools			Secondary schools		
	2021/22 IDACI rate per primary pupil used in Croydon	2022/23 national rate per primary pupil	Midpoint IDACI rate per primary pupil	2021/22 IDACI rate per secondary pupil used in Croydon	2022/23 national rate per secondary pupil	Midpoint IDACI rate per secondary pupil
IDACI Band F	£203	£220	£212	£284	£320	£302
IDACI Band E	£253	£270	£262	£397	£425	£411
IDACI Band D	£383	£420	£402	£512	£595	£554
IDACI Band C	£426	£460	£443	£575	£650	£613
IDACI Band B	£481	£490	£486	£670	£700	£685
IDACI Band A	£717	£640	£679	£1,015	£890	£953

(1) IDACI

3.3.1 Use IDACI as a method of calculating deprivation by:

- (a) Moving to the national average rate set by in the NFF rate per pupil* or
- (b) Moving to the midpoint rate between Croydon 2021/22 local rates and NFF;
- (c) Keeping IDACI Band 'A' the same as last year's allocation but move all other bands to the midway point;
- (d) Keeping the rate the same as last year's

(2) Free School Meals (FSM)

Schools receive funding for all FSM eligible pupils through this factor. In 2021/22 Croydon followed the NFF rates and distributed £16.7m through this factor. The rates per school phase varies for each of the two elements (FSM rates and FSM6). Based on 2021/22 school data and using the NFF rates, Croydon would distribute (£17.9m) £6.4m for FSM and £11.5m for FSM6.

Table 6 FSM rates

School phase	2021/22 rate per pupil - FSM	2021/22 rate per pupil – FSM6	2022/23 NFF rate per pupil - FSM	2022/23 NFF rate per pupil –FSM6
Primary school	£460	£575	£470	£590
Secondary school	£460	£840	£470	£865

3.3.2 Use free schools' meals by adopting the national average rate set by in the NFF rate per pupil for FSM and FSM6 – following the methodology used in 2021-22

3.4 Low Prior Attainment

This is an optional factor which Croydon will use again this year. It is a rate per pupil per school phase and is set locally. In the 2021/22 allocation Croydon distributed £14.5m through this factor. The NFF rates are higher and would result in £17.2m being distributed through this factor, offsetting reductions in Deprivation funding

should the lower NFF deprivation rates be used. The midpoint would result in £15.8m being distributed. The APT tool automatically provides the number of pupils who are eligible (based off the prior year census data). See Appendix A for definition of Low Prior Attainment and the pupils in this category

Table 7 Low Prior Attainment rates

School phase	2021/22 midpoint rate per pupil	2022/23 NFF rate per pupil	2022/23 midpoint rate per pupil
Primary school	£908	£1,130	£1,019
Secondary school	£1,524	£1,710	£1,617

3.4.1 The Low Prior Attainment agreed rate should:

- (a) Move to the national average rate set by in the NFF rate per pupil or
- (b) Move to the midpoint rate between Croydon local rates and NFF.

3.5 English as an additional language (EAL)

This is an optional factor but has been used in the Croydon local formula. This rate per pupil per phase had been set locally. In the 2021/22 allocation Croydon distributed £4.9m through this factor. Using the NFF rate for 2022/23, due to significantly lower pupil numbers shown as EAL in the APT (from 7,741 to 2,648), £1.7m would be distributed. At the midpoint rate, £1.68m would be distributed.

Table 8 EAL rates

School phase	2021/22 Local rate per pupil (@NFF/local midpoint)	2022/23 NFF rate per pupil	2022/23 midpoint rate per pupil
Primary school	£539	£565	£552
Secondary school	£1,503	£1,530	£1,517

3.5.1 The English as an additional language factor rate should:

- (a) Move to the national average rate set by in the NFF rate per pupil or
- (b) Move to the midpoint rate between Croydon local rates and NFF.

3.6 Looked after Children

This rate per pupil per school phase is set locally. Using the 2021/22 local rate Croydon distributed £167k through this factor. There is no guided NFF rate. Based on present figures in 2022/23 the distribution would be marginally lower at £165k.

Table 9 Looked after Children rate

School phase	2022/23 proposed rate per pupil	Number of pupils
Primary school	£500	145
Secondary school	£500	192

3.6.1 The Looked after Children factor should:

- (a) Be maintained at the existing rates per pupil and

(b) Be de-delegated/allocated to the funding to Virtual Schools team directly**3.7 Lump Sum**

Each school receives a lump sum. In 2021/22, the local lump sum per school was £140,000 and resulted in a distribution of £15.3m. The published NFF rate is £121,300 for Primary schools and £130,650 for Secondary schools. Using the NFF would result in a distribution of £13.4m and at the mid-point rate it would be £14.3m. The 2021-22 cost using a £140k allocation per school costs £15.260m. Since all schools are paid the lump sum factor at the same rate regardless of size this has been the way in which Croydon has supported its smaller schools.

Table 10 Lump sum rates

School phase	2021/22 Local rate per school	2022/23 NFF rate per school	Midpoint rate per school
Secondary school	£140,000	£121,300	£130,650
Primary school	£140,000	£121,300	£130,650

3.7.1 The lump sum factor should:

- (a) Be decreased to the NFF rate of £121k for 2022/23**
- (b) Be set at the midpoint rate between Croydon and NFF e.g. £130,650 or**
- (c) Be retained at the higher rate as per prior years of £140,000 per school**

3.8 Mobility

The mobility factor allocates funding to schools with a high proportion of pupils who first join on a non-standard date. Mobility funding was previously allocated on the basis of historic spend. However, for 2020/21, the DfE developed a new methodology that enables calculation of allocations of this funding on a formulaic basis. Rather than relying on a single census, the methodology involved tracking individual pupils using their unique pupil ID through censuses from the past 3 years. If the first census when the pupil was in the school was a spring or summer census, they are considered a mobile pupil. To be eligible for mobility funding, the proportion of mobile pupils a school has must be above the threshold of 6%. A per pupil amount will then be allocated to all mobile pupils above that threshold.

See Appendix A for definition of Mobility and the schools and school phases impacted

Table 11 Mobility rates

School phase	2021/22 Local rate (@NFF/local midpoint)	2022/23 NFF rate	Midpoint rate per school	NOR eligible	How many schools would be impacted
Primary school	£807	£925	£866	184	28
Secondary school	£1,202	£1,330	£1,266	61	5

3.8.1 The Mobility factor should:

- (a) Move to the national average rate set by in the NFF rate per pupil or**

(b) Move to the midpoint rate between Croydon local rates and NFF.**3.9 Private Finance Initiative**

Croydon has one PFI school and therefore uses this factor. The purpose of the factor is to fund the additional costs to a school of being in a PFI contract. Following a schools' block working group meeting we are expecting more information on this factor from the school/Trust involved and so need to return to this at a future meeting.

3.9.1 The PFI factor should:**a) Be considered at the November meeting of Croydon Schools Forum****3.10 Minimum funding Guarantee (MFG)**

MFG protects schools' budgets from large changes in funding based on factor changes. It protects on £/per pupil basis but does not protect against a fall in pupil numbers.

In 2021/22, the DfE changed the levels at which the MFG may be applied in local formulae to between +0.5% and +2.0%. All of Croydon schools have reached and exceeded these increases using the NFF rates. Proposed to keep the 2021/22 limit of +0.5% in 2022/23.

Table 13 MFG rates

Year	MFG	Using NFF rate for all factors
2016/17	£11,425,730	
2017/18	£3,861,329	
2018/19	£2,362,522	
2019/20	£1,143,179	
2020/21	£670,987	
2021/22	£87,337	
2022/23	TBA	£101,196

3.10.1 Schools Forum are requested to agree to set the MFG at +0.5%.**3.11 Growth**

The criteria for growth funding for schools was reviewed and approved by Schools Forum on 5th October 2020. The rates for various parts of the growth fund will be applied to the schools that meet the growth criteria and have been confirmed by the Schools Admissions Team.

Table 14 Growth rates

Year	Growth
2017/18	£3,002,894
2018/19	£3,365,680
2019/20	£2,279,811
2020/21	£1,708,617
2021/22	£1,914,299
2022/23	£1,369,581

3.11.1 Schools Forum are requested to note the above and agree that this sum be allocated to schools that meet the growth criteria.

3.12 Split site factor

The split site factor was previously part of the growth fund and at the meeting of October 4th 2021 Forum agreed that it should, once again, become part of the main formula. There is an associated paper [ITEM 3] at this meeting to explain the possibilities of allocating the split site factor.

3.12.1 After considering paper 3 the split site factor should:

- a) **Be allocated according to Croydon's previous methodology used when this factor was part of growth fund - £35k per school.**
- b) **Be allocated according to the criteria used by Waltham Forest - different rates for primary and secondary;**
- c) **Be allocated according to the criteria used by Southwark Council - £60.4k per school;**
- d) **Be allocated according to the criteria used by the London Borough of Sutton & Royal Borough of Kingston upon Thames - £50k per school**

Recommendation that the Schools Forum agree on each of the formula factors to be used in the setting of the 2022/23 schools budgets set out in Table 2

Appendix A

FSM6 - Pupils who are identified as FSM6 eligible (pupils who have been entitled to FSM at any time in the last 6 years) as taken from the previous January census.

IDACI - The IDACI element of the deprivation factor is based on the IDACI dataset for 2019, which is published by the Ministry for Housing, Communities and Local Government (MHCLG). IDACI is a relative measure of socio-economic deprivation—an IDACI score is calculated for an LSOA (an area with typically about 1,500 residents) based on the characteristics of households in that area. The IDACI score of a given area does not mean that every child living in that area has particular deprivation characteristics—it is a measure of the likelihood that a child is in a household experiencing relative socio-economic deprivation. LSOAs are ranked by score, from the most deprived LSOA, with the highest score, to the least deprived LSOA.

The IDACI measure uses 7 bands (A to G where A is the most deprived) and different values can be attached to each of the 6 bands A to F. Different unit values can also be used for primary and secondary schools in each band.

Low Prior Attainment - The LPA factor acts as a proxy indicator for low level, high incidence, special educational needs and is measured as such for primary and secondary pupils:

1. primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP).
2. secondary pupils not reaching the expected standard in KS2 at either reading, writing or maths—an individual weighting is applied to each year group from years 7 to 10 when calculating secondary LPA to reflect the higher levels of low attainment under the new testing regime

Mobility - This factor pertains to pupils who first appeared in either the January or May census return at their current school (the one they are on roll with in the October census) in 2017 or later. This is for pupils in reception only, those first appearing at their current school in the May census are classed as mobile.

With this factor, there is a 6% threshold and funding is allocated based on the proportion above the threshold (for example, a school with 8% of pupils classed as mobile will attract pupil mobility funding for 2% of pupils).

How PFI is calculated in the NFF - Premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2020-21 APT, with the PFI factor increasing in line with the RPIX measure of inflation (1.56%) to reflect PFI contracts.
