

SUBJECT: Dedicated Schools Grant (DSG) funding including Schools Funding Formula 2022/2023

LEAD OFFICER: Pat Harvey, Children, Schools and Families

RECOMMENDATIONS

That the Forum:

- a) Notes the Dedicated Schools Grant (DSG) allocation for 2022/23.**
- b) Approves the falling rolls/growth fund allocation of £300k for 2022/23 and criteria.**
- c) Approves the transfer of £698k (0.5%) from the school block to the high needs block for 2022/23.**
- d) Approves the dis-application request £500k (cash amount) from the school block to the high needs block 2022/23, but notes this is subject to Secretary of State(SOS) approval.**
- e) Approves the de-delegation of budgets for 2022/23.**
- f) Approves the de-delegation contribution to responsibilities that local authorities hold for maintained schools of £650k.**
- g) Approves the Schools' Funding Formula allocation for 2022/23 following consultation and members note the Authority Proforma Tool (APT) is subject to approval by the Education Skills and Funding Agency (ESFA).**
- h) Approves the central block budgets for 2022/23.**
- i) Notes the early years block allocation and approves the 5% central retained element.**
- j) Notes the high needs block budgets for 2022/23.**
- k) Notes the Safety Valve and DSG Management Tool ongoing work.**

1. Purpose of report and executive summary

- 1.1 The Government announced the DSG allocation on 16th December 2021, and Merton's allocation is split over the four blocks as Table1 below:

TABLE 1 - DEDICATED SCHOOLS GRANT ALLOCATIONS			
Description	2022/23 £'000	2021/22 £'000	% increase
Schools Block	*139,774	*137,499	2%
Central Schools Services Block	1,106	1,094	1%
Early Years Block	15,486	16,518	-6%
High Needs Block	43,161	40,081	8%
Less TPG/TPECG	* inc in base	-6,333	-3%
Less NNDR	-2,868	* inc in base	0%
Total as at Schools Forum meeting	196,658	188,859	3%
Academy recoupment	-33,194	-30,446	9%
Final allocation for the year	163,464	158,413	2%
<i>Overall % increase</i>	<i>4%</i>	<i>3%</i>	

- 1.2 The DSG allocation for 2022/23 now includes the allocation for the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG) within the DSG school block baseline.
- 1.3 From 2022/23 the National and Non Domestic Rates (NNDR) payments will be administered by the Education and Skills Funding Agency (ESFA) and the 2021/22 rates for schools have been used and the final NNDR cost will be deducted from the DSG allocation received by the local authority (LA).
- 1.4 This report provides details of how the four blocks of the DSG are budgeted to be used in 2022/23.

Recommendation (a)

School Forum notes the DSG allocation for 2022/23 published 16 December 2021 and notes the publication will be subject to change(s) during the financial year.

2. Schools Block

- 2.1 The Schools Block allocation of £139.774m is split into the following expenditure types as table 2 below:

TABLE 2 - Schools Block	2022/23	2021/22	%
Description	£'000	£'000	increase
Growth Fund/Falling Rolls	300	640	-113%
Transfers to the High Needs Block (0.5%)	698	656	6%
<i>* Secretary of State approval (cash trsf £500k to High Needs block)</i>	<i>* 500</i>		0%
De-delegated items	1,910	1,905	0%
Central duties to maintained schools (ESG)	629	628	0%
Individual School Budgets	135,737	133,670	3%
Total Schools Block	139,774	137,499	2%

Falling rolls (growth fund)

- 2.2 The proposed falling rolls/ growth fund is £300k (0.21%) for 2022/23 (£640k in 2021/22).
- 2.3 Due to schools' falling rolls especially within the primary sector and in support of schools planning for this reduction, it is proposed to redesignate some of the growth funding and allocate to schools with falling rolls in accordance with the Department of Education (DfE) falling rolls criteria, outside of the school budget formula.

2.4 The proposed DfE Falling Rolls fund criteria to adopt is as designated by the DfE:

Identification of schools with falling rolls:

- the school must have been judged good or outstanding at their last Ofsted inspection
- the total NOR has dropped by at least 5% between last October census and the previous year's October census
- capacity of school is a minimum of 15% of published admission number (PAN)
- the school doesn't have excessive balances (10% or more)
- local planning data shows the places will be required within the next 3 – 5 years

Where a school meets all the above criteria, funding will be provided using the following calculation:

- the NOR as at last October census will be deducted from the NOR of the previous October's census. The result will be multiplied by the current base rate, appropriate to phase, pro rata April - August (5 months)

2.5 Table 3 below details the proposed funding to schools for financial year 2022/23 and proposed allocation of £249k 5/12^{ths} covering April 2022 to August 2022, for maintained schools and 7/12^{ths} covering September 2022 to March 2023 for academies:

Table 3 - Falling Rolls fund									
URN	LAESTAB	School Name	NOR 2021/22	NOR 2022/23	Pupil change (number)	% change	50% AWPU (pro-rola)	Balances above 10%	Ofsted
Total			24,506	24,145	- 361	1.5%	£3,716	10%	
102672	3153506	The Priory CofE School	266	204	- 62	23%	£48,004	N	G
141027	3152001	Park Academy	154	138	- 16	10%	£12,388	Academy	G
146401	3152004	Stanford Primary School	167	151	- 16	10%	£12,388	Academy	no inspection
102661	3152090	William Morris Primary School	300	274	- 26	9%	£20,131	N	G
102667	3153500	St Peter and Paul Catholic Primary School	343	316	- 27	8%	£20,905	N	G
102638	3152066	Merton Abbey Primary School	196	181	- 15	8%	£11,614	N	G
102636	3152064	Lonesome Primary School	342	318	- 24	7%	£18,582	N	G
102646	3152074	The Sherwood School	339	316	- 23	7%	£17,808	N	G
102655	3152084	Hillcross Primary School	455	428	- 27	6%	£20,905	N	G
102664	3153302	St Matthew's CofE Primary School	188	177	- 11	6%	£8,517	N	G
102643	3152071	Haslemere Primary School	364	344	- 20	5%	£15,485	N	G
147970	3152054	Benedict Academy	200	190	- 10	5%	£7,743	Academy	no inspection
133774	3153507	St Thomas of Canterbury Catholic Primary School	437	416	- 21	5%	£16,259	N	G
143133	3152003	Beechholme Primary School	177	172	- 5	3%	£3,871	N (A) 19/20	G

- Criteria applied across all schools proposes 14 schools' eligible for falling rolls fund, including 4 academies, 2 academies awaiting inspection, and 1 academy using reported 2019/20 balances (online workforce data).

- 10 schools with falling rolls reported surplus balances over 10% (reported 2020/21 school balances)
 - Autumn school census reduction range was from 23% growth to 3% growth
 - The schools' with census reduction of 2% or below (20 schools) would be protected with MFG via 2022/23 formula
 - Secondary schools' 9 in total with pupil growth including free school
- 2.6 There is budget provision for one Primary school that are continuing to provide extra classes flowing through the school with a funding allocation of £60k if required.
- 2.7 With regard to existing secondary schools including Academies, there is budget allocation of £80k based upon allocations for 2021/22. If necessary to ensure sufficient school places are provided in the area as the first priority is to make all schools fill first; a review will be undertaken in mid-February as in previous years when the first results of the Pan-London admissions data exchange is known.
- 2.8 New free schools as they increase in size (Park Community School that opened in 2014 and Harris Academy Wimbledon that opened in September 2018) are funded through the schools funding formula rather than through bulge classes. These costs are included in the formula and not funded from the growth fund. The maximum block transfer allowed without applying for a disapplication request is 0.5%.

Decision (b)

Schools Forum approval is required for the new redesignated Falling Rolls fund £300k (utilising previously known Growth Fund) and proposed draft allocations to schools.

- 2.9 For 2022/23 Merton will transfer £698k (0.5%) from the Schools Block to the High Needs Block (£656k in 2021/21). This represents 0.5% of the School Block allocation and will be used to fund the growing cost pressure of increased SEN pupils in mainstream schools with Education Health and Care Plans (EHCPs).

Decision (c)

Following the consultation with schools, Schools Forum agreed the transfer from the **estimated** schools block to the high needs block of c£656k at the meeting on the 3rd November 2021. Final transfer is £698k (0.5%) allowable transfer.

- 2.10 As reported to School Forum 3rd November and in support of the DfE Safety Valve plan as part of the recovery of the cumulative DSG deficit £25m, it was proposed to topslice £500k from the school block to the high needs block in support of continued high needs ongoing pressures. This will be a Dis-application request application submitted to the Secretary of State (SOS) for approval in January 2022.

- 2.11 The Dis-application request was submitted to the Secretary of State (SOS) on 19th November for approval and outcome will be known end of January 2022. Appendix 2 details each school allocation with this topslice and without, due to waiting for SOS approval of £500k Dis-application request.

Decision (d)

Following the consultation with schools, Schools Forum agreed the transfer from the estimated schools block to the high needs block of an additional £500k at the meeting of the 3rd November 2021, however this is subject to the Secretary of State (SOS) approval.

- 2.12 Total de-delegated budget for 2022/23 is £1.910m (£1.905m in 2021/22). Table 4 details the total allocation of de-delegated services as well as the unit cost for each of these services for 2022/23 and comparable 2021/22 for transparency reporting to schools.

Decision (e)

Both Primary and Secondary schools de-delegated budgets have been set based on the categories discussed by the relevant phase representatives at Schools Forum on the 3rd November 2021. Each phase and line by line de-delegated budget has to be agreed by School Forum maintained schools, not academies for 2022/23 as detailed in table 4 below:

Table 4- De-delegated budgets	Budget			Budget		
Service	2022/23 £'000	Sector	2021/22 Unit Cost	2021/22 £'000	2020/21 Unit Cost	Measure
Copyright Licensing Agency (CLA) recharged via DfE	£123	Primary	£6.46	£119	£6.36	NOR
		Secondary				
Schools catering equipment insurance	£40	Primary	£2.91	£40	£2.79	NOR
		Secondary	n/a		n/a	
Support & Challenge Programme	£400	Primary	£29.08	£400	£20.35	NOR
		Secondary	£74.92		£74.85	
Attain	£100	Primary	£7.27	£100	£5.09	NOR
		Secondary	£18.73		£18.71	
Parenting cover and public duties	£756	Primary	£39.59	£755	£38.40	NOR
		Secondary				
Ethnic minorities & bilingual learners	£70	Primary	£20.07	£70	£19.03	EAL
		Secondary				
Tree insurance / maintenance	£65	Primary	n/a	£65	n/a	NOR
		Secondary	£12.17		£12.16	
Behaviour Support	£207	Primary	£44.98	£207	£42.03	Low Att
		Secondary				
School Improvement	£149	Primary	£7.80	£149	£7.58	NOR
		Secondary				
Total budget	£1,910			£1,905		

- 2.13 In order to maintain the statutory central duties to Merton maintained schools (the services previously funded by the Education Service Grant (ESG)), schools are required to make a contribution towards these services based on numbers on roll through the Age Weighted Pupil Unit (AWPU) factor (funded autumn numbers on roll (NOR) for special schools)). The cost to primary, secondary and special schools will be £32.94 per pupil on roll to provide an overall de-delegated budget of £650k (the same as in 2021/22).
- 2.14 For 2022/23 budget setting means that £629k is contributed from the schools block while £21k comes from the high needs block for special schools (2021/22 budget split was £628k school block and £22k high needs block). As detailed in the schools consultation document, schools are funding 32% of the costs while the LA funds 68%. We have maintained the local authority funding of these services to minimise the impact on school budgets.

Decision (f)

Schools Forum approval is required for a contribution to responsibilities that local authorities hold for maintained schools.

- 2.15 The total amount available to be paid to schools, academies and free schools for 2022/23 as part of the Individual Schools Budget (ISB) is £135.737m (£133.819m in 2021/22) 3% increase in funding to schools.
- 2.16 Individual School Budget shares can be found at Appendix 1. Further comparable analysis of ISB shares for 2021/22 and 2022/23 is attached as Appendix 2 and National Funding Formula (NFF) rates used in Appendix 3.

3. School Funding Formula Factors

- 3.1 Following consultation with schools and the analysis of the consultation exercise with schools (attached as agenda item 3b), Merton is using the National Funding Formula (NFF) to apportion funding to schools and academies in 2022/23 (Option A as per the consultation exercise).
- 3.2 A summary of the NFF factors used can be found at Appendix 3 and Appendix 4 details the Authority Proforma Tool (APT) that will be submitted to the ESFA 21st January 2022 for approval prior to individual school budget shares being distributed to schools by 28th February 2022.
- 3.3 Core NFF funding covers funding through the basic per-pupil, deprivation, low prior attainment (LPA), English as an additional language (EAL), mobility, lump sum, and sparsity factors. The area cost adjustment (ACA) is also applied to uplift funding in line with local labour market costs. The minimum per pupil funding and the funding floor are applied to ensure that all schools attract at least the minimum level of per pupil funding through the formula and that all schools attract at least a 2% increase compared to their 2021-22 baseline pupil-

led funding per pupil. Notional funding for schools which will be open for part of the financial year to 31 March 2021 is scaled down pro rata.

- 3.4 The Age Weighted Pupil Unit (AWPU) rates for Primary and Secondary KS3 and KS4 are the NFF rates plus an Area Cost Adjustment (ACA) of 1.1485. These are shown below in table 5 with comparison 2021/22 rates.

Table 5 - AWPU rates							
Budget 2022/23	Description	Amount per pupil	Pupil Units	Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£3,694.66	15,348.00	£56,705,642	£104,730,609	41.22%	2.50%
	Key Stage 3 (Years 7-9)	£5,209.51	5,476.00	£28,527,277		20.74%	2.50%
	Key Stage 4 (Years 10-11)	£5,871.03	3,321.00	£19,497,691		14.17%	2.50%
Budget 2021/22	Description	Amount per pupil	Pupil Units	Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£3,386.44	15,958.00	£54,040,810	£96,898,766	41.39%	2.50%
	Key Stage 3 (Years 7-9)	£4,796.01	5,467.00	£26,219,787		20.08%	2.50%
	Key Stage 4 (Years 10-11)	£5,400.25	3,081.00	£16,638,170		12.74%	2.50%
1) AWPU differences 2021/22 to 2022/23	Primary (Years R-6)	£308.22	-610.00	£2,664,832.16	£7,831,843	-0.17%	0.00%
	Key Stage 3 (Years 7-9)	£413.50	9.00	£2,307,490.09		0.65%	0.00%
	Key Stage 4 (Years 10-11)	£470.78	240.00	£2,859,520.38		1.43%	0.00%

- 3.5 The Income Deprivation Affecting Children Index (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 a lower super output area (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. is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure which is interpreted as the proportion of families with children under 16 which is income deprived.

- 3.6 For school funding purposes, the NFF uses IDACI ranks to group LSOAs into seven bands of decreasing deprivation; for example, Band A comprises the most deprived 2.5% of LSOAs:

- Pupils in the most deprived 2.5% of LSOAs 1 to 821 - Band A
- Pupils in the next 5% most deprived LSOAs 822 to 2463 – Band B
- Pupils in the next 5% most deprived LSOAs 2464 to 4105 – Band C
- Pupils in the next 5% most deprived LSOAs 4106 to 5747 – Band D
- Pupils in the next 10% most deprived LSOAs 5748 to 9032 - Band E
- Pupils in the next 10% most deprived LSOAs 9033 to 12316- Band F

- 3.7 Table 6 details the total deprivation rates and formula allocation for 2022/23 in comparison to 2021/22. NFF rates have been used for all deprivation factors

and allocated budget of £12.334m (2022/23) in comparison to £11.399m (2021/22) 8% increase in funding across the deprivation factors.

Table 6 - Deprivation Comparisons										
BUDGET 2022/23	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£493.50	£493.50	3,620.00	2,226.38	£2,885,187	£12,333,572	8.96%	10.00%	10.00%
	FSM6	£677.00	£993.00	3,855.00	2,781.86	£5,372,219			10.00%	10.00%
	IDACI Band F	£252.67	£367.51	1,430.10	1,020.44	£736,364			10.00%	10.00%
	IDACI Band E	£310.09	£488.10	2,643.20	1,674.60	£1,637,007			10.00%	10.00%
	IDACI Band D	£482.36	£683.35	449.05	408.82	£495,966			10.00%	10.00%
	IDACI Band C	£528.30	£746.51	561.06	415.26	£606,404			10.00%	10.00%
	IDACI Band B	£562.76	£803.94	518.42	370.85	£589,881			10.00%	10.00%
	IDACI Band A	£735.03	£1,022.15	6.00	6.00	£10,543			10.00%	10.00%
BUDGET 2021/22	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£526.08	£526.08	3,340.00	1,906.26	£2,759,926	£11,399,063	8.73%	10.00%	10.00%
	FSM6	£654.68	£952.78	3,503.75	2,583.91	£4,755,732			10.00%	10.00%
	IDACI Band F	£245.50	£350.72	1,501.63	1,015.85	£724,932			10.00%	10.00%
	IDACI Band E	£292.27	£473.47	2,767.25	1,650.65	£1,590,327			10.00%	10.00%
	IDACI Band D	£438.40	£625.44	465.61	400.91	£454,868			10.00%	10.00%
	IDACI Band C	£473.47	£678.06	580.07	415.43	£556,331			10.00%	10.00%
	IDACI Band B	£508.54	£730.67	540.16	366.90	£542,776			10.00%	10.00%
	IDACI Band A	£701.43	£982.02	9.00	8.00	£14,171			10.00%	10.00%

3.8 Pupils eligible to attract funding through the NFF English Additional Language (EAL) factor are those recorded on the census as having entered state education in England during the last three years, whose first language is not English. This measure is called “EAL3” in the current LA local funding arrangements.

3.9 The EAL factor unit values used are NFF rates £648.89 (£625.44 for 2021/22) and £1,757.17 (£1,683.45 in 2021/22) for Primary and Secondary schools respectively. This allocates a total budget of £3.034m (£3.041m in 2021/22) for Primary schools . The reduction in EAL budgets is due to a reduction in census of 5% decline in EAL pupils recorded on census. Table 7 below details census and budget allocations.

Table 7 - EAL budget comparisons										
Budget 2022/23	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
4) English as an Additional Language (EAL)	EAL 3 Primary	£648.89		3,644.74		£2,365,041	£3,033,978	1.98%	0.00%	
	EAL 3 Secondary		£1,757.17		380.69	£668,937				0.00%
Budget 2021/22	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
4) English as an Additional Language (EAL)	EAL 3 Primary	£625.44		3,866.24		£2,418,112	£3,040,996	2.33%	0.00%	
	EAL 3 Secondary		£1,683.45		370.00	£622,884				0.00%

3.10 In calculating Low Prior Attainment (LPA) the early years foundation stage profile (EYFSP) and key stage 2 (KS2) attainment data is used to work out how many pupils are eligible for funding through the LPA factor. As with the other factors, data for LPA as recorded in the 2021-22.

- 3.11 The cancellation of assessments due to the COVID-19 pandemic means that attainment data is not available for those who would have taken the tests in 2020. The same proportion of these pupils is assumed to have LPA as those who took the tests in 2019.
- 3.12 In the APT, the LPA pupil numbers are weighted to reflect the fact that the proportion of pupils reaching the expected standard in key stage 2 tests has changed over time. The weightings are:
- For pupils in year 7 and 8 in October 2020: 0.64527
 - For pupils in year 9 in October 2020: 0.63586
 - For pupils in year 10 in October 2020: 0.58045
 - For pupils in year 11 in October 2020: 0.48019
- 3.13 APT Primary Low Attainment NFF unit value for 2022/23 is £1,297.78 per eligible primary pupil (£1,245.05 in 2021/22), and the Secondary NFF unit value is £1,757.17 (£1,882.20 in 2021/22). This results in budgets of £8.601m (2022/23) and £8.978m (2021/22) for schools respectively. Table 8 below details both comparison years.

Table 8 - Low prior attainment factors											
Budget 2022/23	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
6) Low prior attainment	Primary low prior attainment		£1,297.78	25.64%	3,935.89	£5,107,934	£8,601,001	6.25%	100.00%		
	Secondary low prior attainment (year 7)	64.53%	£1,757.17	22.75%	1,987.89	£3,493,067					100.00%
	Secondary low prior attainment (year 8)	64.53%		22.60%							
	Secondary low prior attainment (year 9)	64.53%		22.81%							
	Secondary low prior attainment (year 10)	63.59%		21.98%							
	Secondary low prior attainment (year 11)	58.05%		22.88%							
Budget 2021/22	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
6) Low prior attainment	Primary low prior attainment		£1,245.05	26.74%	4,266.77	£5,312,360	£8,978,369	6.88%	100.00%		
	Secondary low prior attainment (year 7)	64.53%	£1,882.20	22.65%	1,947.73	£3,666,009					100.00%
	Secondary low prior attainment (year 8)	64.53%		22.97%							
	Secondary low prior attainment (year 9)	63.59%		21.89%							
	Secondary low prior attainment (year 10)	58.05%		23.26%							
	Secondary low prior attainment (year 11)	48.02%		23.29%							

- 3.14 The pupils eligible for funding through the NFF mobility factor are pupils whose school census record at their current school (or one of its predecessors) in the last three years indicates an entry date which is not typical⁹. For year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school (or its predecessors) is the October census. So, 'not typical' means that the first census a pupil is recorded as attending the school is a January or May census. For the reception year, 'typical' means the first census is October or January.
- 3.15 Due to COVID-19, there was no school census in May 2020, so it was not possible to detect a pupil's arrival at a school in the usual way. Instead, where a pupil who was not at the school in the January census has an entry date recorded in the October 2020 census of between the date of the January 2020 census and the date of the (cancelled) May 2020 census, that pupil attracts mobility funding (as long as the school itself was open before the January 2020 census).

- 3.16 Table 9 below details the NFF Mobility rates of £1,062.34 primary, secondary £1,527.48 per eligible pupil starting outside of normal entry dates (2022/23) and £1,022.93 primary, secondary £1,461.33 (2021/22). The increase in 2022/23 budget is due to an increase in pupils starting school outside of the normal entry dates forecasted by the DfE.

Table 9 - Mobility										
Budget 2022/23	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
5) Mobility	Pupils starting school outside of normal entry dates	£1,062.34	£1,527.48	80.27	0.90	£86,654	£86,654	0.06%	0.00%	0.00%
Budget 2021/22	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
5) Mobility	Pupils starting school outside of normal entry dates	£1,022.93	£1,461.33	18.30	0.00	£18,722	£18,722	0.01%	0.00%	0.00%

- 3.17 The 2022/23 NFF lump sum factor is £110k, and each school receives this funding irrespective of its size or phase. From last year there is a small reduction from 2021/22 of £135k to reflect the falling rolls fund to allocate funding directly to those schools with falling rolls outside of the formula.
- 3.18 The split site factor has been increased by the ACA from £90k (2021/22) to £91k (2022/23). This is payable to one school in Merton.
- 3.19 The school business rates, National Non Domestic Rates (NNDR) payment processing has changed with effect from 2022/23, lagged valuations (as previous years) have been used within the formula and direct payment will be administered by the ESFA. The DSG received by the LA will be reduced by £2.868m that is included within the overall funding model.
- 3.20 The minimum funding guarantee (MFG) was set at 1.91% based upon affordability within the financial funding envelope in 2021/22 and in the consultation document with schools agreed at the Schools Forum meeting on the 4th November of 2% MFG protection to be set for 2022/23. Due to reduced census and DfE guidance on the MFG, this is permissible up to 2% maximum protection. Schools will be protected up to 2% on the funding floor for 2022/23. This requirement for MFG has decreased from £5.639m in 2021/22 to £702k funding protection in 2022/23. The majority of the protection is due to the census reduction in 2022/23 and in 2021/22, the protection related to the TPG/TPECG grant that is now included in the schools' funding baseline.
- 3.21 Capping and scaling within the formula has been applied as last year for 2022/23 of 10% capping and 100% scaling. This caps allows school funding gains at 10% and ensures all schools are scaled or set at 100% maximum formula within the Authority Proforma Tool (APT).

- 3.22 The primary to secondary funding ratio is 1:1.35 for 2022/23 in comparison to 1:1.34 in 2021/22. The small change is due to growth in census in secondary schools.
- 3.23 These figures exclude the 6th form funding which still needs to be provided by the ESFA and does not form part of the schools funding formula. It also excludes additional resource provision and individual pupil statement funding which forms part of the high needs block.
- 3.24 The figures in Appendix 1 exclude the bulge class funding, falling rolls and growth funding which is held centrally and will be paid to schools as part of monthly advance payments.
- 3.25 Pupil Premium funding is not included in these figures and the 2022/23 allocations will be provided separately when maintained schools are informed of their budgets for 2022/23 on 28th February 2022. Schools should use the 2021/22 figures to estimate their funding for 2022/23 until school allocations are published.

3.26 Schools Supplementary Grant Funding

- 3.27 As part of the published DSG allocations for 2022/23, schools' will receive an additional Schools' Supplementary Grant, **outside of the DSG** and individual school allocations are due to be published Spring 2022, this funding is to reflect the costs of the health and social care levy, and other cost pressures.
- 3.28 Indicative published allocations for Merton is:
- School block £4m
 - High needs block £2m

DfE guidance specifies the schools supplementary grant will fund the following providers:

- maintained nursery schools
- primary and secondary maintained schools
- primary and secondary academies and free schools (*will receive funding direct from ESFA*)
- all through maintained schools
- all through academies (*will receive funding direct from ESFA*)
- 16 to 19 maintained schools
- 16 to 19 academies (*will receive funding direct from ESFA*)
- city technology colleges

The schools supplementary grant will only be payable to public sector employers. This means that further education colleges, sixth form colleges, independent learning providers, as well as private and voluntary sector early years providers will not be eligible to receive this funding.

Indicative rates published:

- The base per-pupil funding rate for early years provision in schools, and for maintained nursery schools, will be £24 per pupil.
- The base funding rates for 5 to 16 schools -

- £97 for primary pupils,
- £137 for key stage 3 pupils,
- £155 for key stage 4 pupils.
- Lump sum of £3,680
- FSM6 per-pupil rate of £85 per eligible primary pupil
- FSM6 per-pupil rate of £124 per eligible secondary pupil
- The base per-student funding rate for 16-19 provision in schools, including 16 to 19 schools and academies, will be £35 per student.

From 2023/24 this grant will be rolled into the NFF funding allocations (part of DSG in 2023/24).

Decision (g)

School Forum to approve the APT 2022/23 in accordance with the Consultation exercise held in November 2021 of school budgets 2022/23 and to note is subject to ESFA data validation and checking and may be subject to minor change(s). Final approved APT and any changes will be reported to School Forum in March.

4 Central Schools Services Block

4.1 The central school services block (CSSB) was introduced in 2018/19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:

- Funding for ongoing central functions, such as admissions, previously top-sliced from the schools block.
- Residual funding for historic commitments, previously top-sliced from the schools block and now subject to 20% (saving) reduction each year.
- Funding previously allocated through the retained duties element of the Education Services Grant (ESG).
- Provisional NFF allocations published in July was based upon forecast census and final allocations are:

Region	LA number	LA name	NFF funding in 2022-23				
			Per-pupil rate for ongoing responsibilities	2021-22 DSG schools' block pupil count	Total funding for historic commitments	Total central school services block funding	
Outer London	315	Merton	£41.55	24,424	£106,107	£1,120,886	PROVISIONAL
			£41.55	24,068	£106,107	£1,106,094	FINAL

4.2 Merton's Central Schools Services Block detailed retained items are detailed in table 10 below.

Table 10 Central Services School Block (CSSB)	2022/23	2021/22
Description	£'000	£'000
Central licences negotiated by the Secretary of State	125	125

School admissions	276	276
Servicing of school forums	12	12
Prudential borrowing for schools	207	207
Statutory and regulatory duties LAs hold for all schools (including academies & free schools)	412	412
Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG)	74	67
Total Schools Block	1,106	1,099

Decision (h)

Schools Forum approval is required for School admissions, Servicing of School Forums, Prudential borrowing and Statutory and Rduities that LAs hold for all schools (including academies & free schools).

- 4.3 The statutory and regulatory duties that LAs hold for all schools, including academies and free schools, (as set out in Schedule 2, Parts 1 to 5 of the School and Early Years Finance Regulations 2021) does not include funding that has been retained centrally from maintained school budgets only (as set out in Schedule 2, Parts 6 and 7).

5 Early Years Block

- 5.1 The DFE allocated Early Years Block allocation is split into the following areas as detailed in table 9 below:

Table 9 Description	2021/2022 £'000	PTE	Hourly rate	2022/23 £'000	PTE	Hourly rate	Difference in places take up
3&4 YO universal funding	£11,619,725	3,526.90	£5.78	£10,929,652	3,222.66	£5.95	-9%
3&4 YO extended funding	£3,242,711	984.25	£5.78	£3,137,986	925.25	£5.95	-6%
2 Year Old Offer	£1,496,724	431.88	£6.08	£1,252,812	349.43	£6.29	-19%
Pupil Premium	£113,720	376.43	.53p	£108,302	316.67	.60p	-16%
Disability Access Fund	£44,895	73	£615 per annum	£56,800	71	£800 per annum	-3%
Total Early Years Block	£16,517,775			£15,485,552			

5.2 Funding for the free early years childcare entitlements

The increased hourly rates for the early years free entitlements for 2-year-olds and 3 and 4-year-olds were announced in November 2021 as set out in the [2022 to 2023 early years technical note](#).

Funding for the early years free entitlements includes:

- universal 15-hour entitlement for 3 and 4-year-olds
- additional 15-hour entitlement for 3 and 4-year-old children of eligible working parents
- 15 hours entitlement for disadvantaged 2-year-olds

The indicative allocations for each local authority for the above funding streams is calculated as follows:

- the number of part-time equivalents (PTEs) taking up the entitlements as recorded on the January 2021 schools, early years and AP censuses
 - multiplied by 15 hours × 38 weeks × local authority's hourly funding rate
- ESFA will update these initial allocations in:
- July 2022 based on January 2022 PTE census numbers
 - July 2023, based on five-twelfths of the January 2022 PTE census numbers (to cover the April 2022 to August 2023 period), and seven-twelfths of the January 2023 PTE census numbers (to cover the September 2022 to March 2023 period)

This means that the final allocations for each of these funding streams will be based on (five-twelfths January 2022 PTE census numbers) + (seven-twelfths January 2023 PTE census numbers)

Early years pupil premium (EYPP)

The national rate for EYPP is 60 pence per hour per eligible child, up to a maximum 570 hours per year, as set out in the [2022 to 2023 early years technical note](#).

The indicative allocation for each local authority is calculated as follows:

- the number of PTEs taking up the EYPP as recorded on the January 2021 schools, early years and AP censuses.
- multiplied by 15 hours × 38 weeks × £0.60

ESFA update these initial allocations in:

- July 2022 based on January 2022 PTE census number
- July 2023, based on five-twelfths of the January 2022 PTE census numbers (to cover the April 2022 to August 2023 period), and seven-twelfths of the January 2023 PTE census numbers (to cover the September 2022 to March 2023 period)

Disability Access Fund

The national rate for DAF is £800 per eligible child per year.

Allocations are calculated based on Disability Living Allowance (DLA) data from February 2021. These allocations will not change and are final for 2022 to 2023.

For each local authority, the total February 2021 DLA claimant count of 3 and 4-year-old children, using data from the Department for Work and Pensions (DWP), is adjusted to remove an estimated number of children in reception. This gives an estimate of the number of 3 and 4-year-olds eligible to take up DAF in the local authority, which is multiplied by £800 to arrive at the final allocation

- 5.3 On receipt of the 3 and 4 allocation, the LA does the following:
- Allocates 5% for retained items (the maximum that can be retained is 5%)
 - Allocates 95% of the budget (called pass through) to the required base rate and supplements (not be greater than 10% of the total allocation within the formula), SENDIF and contingency.

5.4 Early Years Funding Rates

Table 10 below shows how the DFE allocation of £5.95 per hour is applied across the various elements. To note not all children receive all elements, the purpose is to show the proportionate amount for each element (not per child), and how the 95% high pass through rate is applied.

3 and 4-year-old formula

Table 10 3 4 Year Old		
Type	%	£ / Hour
Gov Rate	100.00%	£5.95
Retention	5.00%	£0.30
Base Rate – all places	86.72%	£5.16
Sparsity	0.18%	£0.01
Deprivation	2.44%	£0.15
SENIF 1b	0.12%	£0.01
SENIF 1c	2.99%	£0.18
SENIF 1d	0.93%	£0.06
Contingency	1.62%	£0.10

- 5.5 On receipt of the 2 year allocation, the LA does the following
- Allocates 100% to the required base rate, SENDIF and contingency

2 year old formula

Table 11 2 Year Old		
Type	%	£ / Hour
Gov Rate	100.00%	£6.29
Retention	0.00%	£0.00
Base Rate	94.59%	£5.95
Sparsity	0.00%	£0.00
Deprivation	0.00%	£0.00
SENIF 1b	0.30%	£0.02
SENIF 1c	5.07%	£0.32
Contingency	0.03%	£0.00

- 5.6 Due to the coronavirus outbreak, parental demand for childcare has changed, resulting in a decrease in demand in the number of families requiring childcare and early years education provision.
- 5.7 The Early years DSG budget at the start of the financial year is distributed on the previous year's take up, the funding allocation is then updated and adjusted mid-year to reflect more recent data and then a final reconciliation is made in the financial year based on actual take up
- 5.8 This means that the LA (Local Authority) needs to consider any grant clawback or carry forward at the end of the financial year to reflect any adjustment the DfE make around July time.
- 5.9 In 2022/23, the majority of LAs received an increase in their hourly rate for 2-, 3- and 4-year-old places. Most of this funding, as part of the 95% high pass through rate must be given to providers, and on this basis, Merton are increasing the hourly rate of the base rate and the deprivation rate for 3 and 4 year olds , and the hourly rate for 2-year-olds
- 5.10 Spend for 3 and 4-year-old children for Merton maintained schools and PVI settings is planned/estimated in line with the table above. However, these are estimated budgets and the figures will be updated every term following the actual pupil counts. The methodology used to distribute this funding to settings, following on from consultation, is detailed in section 5 of this report. Consultation feedback is Appendix 5 and has guided the methodology and funding rates within the formula
- 5.11 A summary of the factors used and the total indicative budget allocations against each factor and payments outside the formula for the maintained sector can be found at Appendix 6 for universal entitlement, Appendix 7 for extended entitlement and Appendix 8 for 2-year-old funding.
- 5.12 Based on the allocation of budget from the DfE, the estimated funding relating to 2 year old children for Merton settings is shown above. The formula used to allocate this funding is detailed in section 4 of this report.

- 5.13 From the amounts given for places for 2-, 3- and 4-year-olds there is an allocation for centrally retained items which includes funding for training, inclusion and SEND support and advisory work, market management/sufficiency and information, and back office/administrative functions. This represents 5% of the expected 3&4 year old grant which is £703,382. The amount of funding that must pass through to providers for 3- and 4-year-olds is called the “High Pass-Through Rate”.
- 5.14 The contingency for 2022/23 has been set at £227,372 and forms part of the high pass-through rate. This provides a small amount of funding to accommodate any variance in the actual take up of places that are not fully accounted for in the overall final grant allocation. It also allows some additional funds to support any possible pressure on the SENDIF or deprivation factor.
- 5.15 Early Years Pupil Premium (EYPP) is a separate funding stream. This is paid to settings and schools after each term’s headcount at 0.60 pence per hour. Any underspend on EYPP is expected to be clawed back. Total allocated budget is £108,301
- 5.16 The Disability Access Fund (DAF) is a one-off lump sum payment of £800 and the total budget is £56,800 The LA is currently able to retain the DAF, which has not been distributed to a setting, and use this in line with the principles and aims of DAF.

6. Early Years Funding Formula

6.1 3 and 4-year-old formula

- 6.2 In line with the statutory requirement Merton has one **base rate** in the formula for 3- and 4-year-olds (universal and extended entitlement) for all settings as per the table 12 below.

Table 12 Description	2021/22 Rate	2022/23 Rate
All settings	£5.02	£5.16

- 6.3 Criteria for EYPP will continue to be used as a measure of **deprivation** for 2020/21.

Table 13 Description	2021/22 Rate	2022/23 Rate
Criteria for EYPP (deprivation)	1.00	£1.90p

- 6.4 The table 14 below shows the optional supplementary supplement for “**sparsity**”

Table 14 Description	2021/22 Rate	2021/22 Rate
Sparsity/small providers child-minders	60p	60p

6.5 Outside of formula: SEN Inclusion Fund

- 6.6 The table 15 below shows the mandatory **SEN inclusion Fund** (SENIF) pupil rates (3- and 4-year-olds)

Table 15 Description	2021/22 Rate	2022/23 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.80	£2.80
SEN Support Level 1c	£10.50	£10.50
SENDIF contribution to Special schools' level 1d – without EHCP (possible assessment nursery, to be redistributed to sector if not used as part of 95% high pass through)	£14.05	£14.05

- 6.7 SEN support funding is allocated following the published criteria and associated processes. The SENDIF, whilst not an allowable supplement within the formula, is included within the 95% high pass through rate. There is a requirement to publish the value of the fund each year.

- 6.8 The indicative SENDIF budget for 2022/23 is £568,142

- 6.9 The funding element for each SEN support level of the SENIF is through this inclusion fund.

6.10 Outside of formula: Contingency

- 6.11 There is a contingency of £227,372 for 3- and 4-year-olds and to support any in-year growth for children, including those with SEND, children eligible for the deprivation factor and for children who start mid-way through a funding period (after headcount).

- 6.12 The contingency is included as part of the high pass-through rate and as such any surplus is distributed across the sector following agreed methodology.

6.13 Outside of formula: Retained Items

- 6.14 Within the grant allocation LAs can retain up to 5% of the total 3- and 4-year-old allocation for 2021/22.

- 6.15 Retained items can only be used to support the delivery of early year's provision in accordance with the statutory duties, including advice; training; information and securing sufficiency and market management. These duties are embedded within the Childcare Act 2006 and are underpinned by Statutory Guidance.

- 6.16 This year £703,382 has been given for retained items for 3- and 4-year-olds.

6.17 2-year-old formula

- 6.18 The table 16 below shows the **base rate** for 2-year-olds

Table 16 Description	2021/2022 Rate	2022/23 Rate
All settings	£5.80	£5.95

6.19 Outside of formula: SEN Inclusion Fund

6.20 The table 17 below shows the **discretionary SEN Inclusion Fund** for 2-year-olds

Table 17 Description	2021/22 Rate	2022/23 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.55	£2.55
SEN Support Level 1c	£7.80	£7.80

6.21 The funding element for each level of the SENIF is through the inclusion fund.

6.22 There is no requirement to have a SENDIF for 2-year funding, and therefore not a requirement to publish this. However, the total indicative fund for 2-year-olds is £67,357

6.23 Outside of formula: Contingency

6.24 There is a limited contingency, which is a balancing budget

Decision (i)

Schools Forum is required to comment on the budget setting of the early years formula for 2, 3 and 4 year olds, SEN inclusion fund, Disability Access Fund (DAF) and approve the retainer of 5% towards central support costs.

7. High Needs Block

7.1 The high needs funding system is designed to support a continuum of provision for pupils and students with Special Educational Needs and Disabilities (SEND), from their early years to age 25.

7.2 Funding to institutions from the high needs block is allocated within the 'place plus' funding approach. The base funding ("place funding") is given to local authorities to distribute (commission) to institutions for them to provide places on an on-going basis. This is supplemented with "top-up funding" which follows individual pupils and students to receive educational support. The top-up funding provided to local authorities includes funding for central services or statutory duties to support these high cost places.

7.3 Table 18 below shows how Merton's High Needs Block funding is allocated.

Table 18 High Needs Block	2022/23	2021/22
Description	£'000	£'000
Mainstream settings (Individual SEN EHCPs)	4,360	4,761
Special Schools	10,396	9,978
Additional Resource Provision bases (ARPs)	2,083	2,648

Pupil Referral Unit (PRU)	2,034	1,974
Centrally retained High Needs funding for commissioned services	466	466
SEN EHCPs for Children and Young People (CYP)	20,841	16,998
Post 16 Further Education (FE) and Independent Special Provision (ISP) funding	2,452	2,620
High Needs Contingency – additional funding	3,651	2,732
Centrally retained High Needs funding for special schools	52	52
Central duties to maintained schools - Education Support Grant (ESG)	15	15
Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG)	155	155
Recoupment for academies places commissioned	-1,668	- 1,662
Transfers from other blocks	-698	-656
SOS transfer (awaiting approval)	-500	0
Total Funding	44.359	40,081

Mainstream settings and SEN

- 7.4 Schools are expected to contribute the first £6,000 of additional educational support for High Needs pupils and students in mainstream settings before additional SEN funding. This additional support is for a provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and Academies will continue to receive a clearly identified 'notional' SEN budget from which to make this contribution. Merton will provide this budget for maintained schools while the ESFA will provide it for Academies. The notional SEN will comprise three elements as detailed below in table 19 from school budgets/formula.

Table 19 Notional Formula factor	2022/23
Age Weighted Pupil Allowance (AWPU)	2.50%
Deprivation (Free School Meals & IDACI)	10%
Low cost, high incidence SEN (Low Attainment)	100%

- 7.5 The total notional SEN budget included within the formula is £12.453m for 2022/23 (£12.624m 2021/22) and should be used to support pupils with low cost, high incidence (LCHI) SEN as well as the first £6,000 support for pupils with EHCPs/statements.
- 7.6 The notional allocation is only a guide and schools are expected to set their budgets in such a way as to meet the needs of all their pupils, including those with additional needs, within the resources available.
- 7.7 Early Years settings with SEN children are funded differently from mainstream schools at SEN support, as all funding is child led. All children whose places are funded through the Early Years Dedicated School Grant (EY DSG) (school nursery classes and Private Voluntary and Independent (PVI)) receive their SEN funding as described in section 6 of this report from the early years block.
- 7.8 Where schools have a high number of SEN students, the allocation to support these pupils through the schools formula might not be sufficient. Funding will be set aside in the High Needs Block to support such schools. If more than 2.5% of a school's NOR are pupils with EHCP's, the excess percentage will be

multiplied by the school's NOR and multiplied by £6,000 to calculate additional support for the school.

- 7.9 In 2022/23 £538k (2021/22 £330k) is earmarked from the budget to be allocated to schools through this mechanism and table 20 below details the calculation:

Table 20 - example of calculation	
9 pupils as a percentage of 186	4.84%
Less 2.5% threshold	2.34%
186 x 2.34%	4.35 pupils
4.35 pupils x £6,000	£26,100

- 7.10 The NOR is based on the October count and the numbers of SEN EHCPs are based on the numbers as per the October SEN EHCPs payment to schools. The number of EHCPs used will exclude pupils funded in special units/ARPs.

- 7.11 Merton's basic EHCP funding will be kept the same as in 2021/22 and is detailed in the table 21 below.

Table 21			Universal	Entitlement	Extended	Entitlement
	Reception	onwards	2, 3 and 4	year olds	2, 3 and 4	year olds
Band	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Band1	Part of £6,000 notional SEN funding	Part of £6,000 notional SEN funding	Part of SEN support funding	Part of SEN support funding	Part of SEN support funding	Part of SEN support funding
Band 2	£5,805	£5,805	£5,903	£5,903	£9,739	£9,739
Band 3	£7,983	£7,983	£6,992	£6,992	£11,536	£11,536
Band 4	£10,160	£10,160	£8,080	£8,080	£13,332	£13,332
Band 5	£12,338	£12,338	£9,169	£9,169	£15,129	£15,129

- 7.12 The band amounts shown for 2, 3 and 4 year olds are inclusive, and represent the total funds that a setting will receive. This amount is made up from the EYDSG as explained in section 6 above and the "top up" is from the High Needs Block (HNB). For children taking up the extended entitlement the EHCP is not transferable and therefore a child can only access one provision. On this basis, the extended hours EHCP is funded at 60%.

Special Schools

- 7.13 Specialist SEN and LDD schools will continue to receive a base level of funding on the basis of an agreed number of planned places commissioned at £10,000 per place. Top-up funding above this level will be commissioned by the LA for 2022/23 as in previous years and as mainstream school places.
- 7.14 Since 2021/22 an addition £660 per place will be paid to specialist SEN settings, including Alternative Provision (AP) in support of the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG) that

previously was paid outside of the DSG in a grant but since 2021/22 this has now been rolled into the DSG. There is a minimum place setting of 40 for this additional grant funding as designated by the DfE.

- 7.15 Due to the budgeted increase in growth of pupil numbers at special schools, the special school budget will be increased to cover the cost pressure of supporting these additional children and is built into the budget as reported in table 18 above.
- 7.16 The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.

Additional Resource Provision (ARP) bases

- 7.17 Places in special units and resourced provision attracts a base level of funding of either £6,000 or £10,000 per place, depending on whether a place was occupied or empty at the time of the October census. Each child will also receive a 'top-up' element of funding which is recalculated annually to ensure that the funding change does not impact on the total base funding settings received in the previous financial year. The place funding is included in the school block formula and current settings and place numbers are:

LAESTAB	UPIN	Institution Name	Pre 16 SEN Places	Total Schools
3152002	130046	Harris Primary Academy Merton	22.00	22.00
3152004	146401	Stanford Academy	24.00	24.00
3152059		Hatfeild Primary School	16.00	16.00
3152081		West Wimbledon Primary School	25.00	25.00
3152091		Wimbledon Chase Primary School	16.00	16.00
3154050		Ricards Lodge High School	10.00	10.00
3154052		Raynes Park High School	27.00	27.00
3154500		Rutlish School	10.00	10.00
			150.00	150.00

- 7.18 Where numbers have increased/decreased, top-up funding has been adjusted to reflect these adjustments. Any additional funding to the base totals will be equal to band 5 (£12,338) of EHCP funding as agreed by the SEN Manager.
- 7.19 ARP allocations for 2021/22 will remain similar to the 2020/21 allocations apart from ARP place number growth.

Pupil Referral Unit (SMART Centre)

- 7.20 The PRU will receive a base level of funding of £10,000 per place. Top-up funding above this level is set at £6,765 (total place plus top up £16,765).
- 7.21 Mainstream schools and Academies have important commissioning responsibilities with regard to pupils of compulsory school age who are placed in Alternative Provision (AP) for the purpose of early intervention or as a result

of fixed-term exclusion. In such instances they are responsible for paying top-up funding to the AP settings in which they place pupils.

- 7.22 Alternative education and medical service provision are also delivered through the SMART Centre.
- 7.23 The exclusion process currently involves a deduction of Age Weighted Pupil Unit (AWPU) against a national criteria and a local agreement to pay £3,000 per excluded pupil and receive £3,000 for a re-integrated pupil. This agreement is between all secondary maintained schools and academies and will continue in 2022/23.

Centrally retained funding for commissioned services

- 7.24 These services are retained centrally by the Local Authority to deliver direct services or procure services from external providers to ensure the most economic use of resources. The following table 20 details these services:

Table 20	2022/23	2021/22
Description	£'000	£'000
Cost of Merton pupils in other LA maintained schools	2,164	1,865
Cost to other LAs for their children in Merton maintained schools	- 1,159	- 1,159
Merton academies (Individual SEN statements)	1,459	795
Virtual school	265	265
Sensory team	422	409
Schools standards quality core offer	350	339
Language and learning therapy	662	662
Other non-maintained school related costs	357	357
Education psychology	177	177
Behaviour support	254	254
Education welfare	178	178
SEN referral & early help 0-25 team	158	154
Vulnerable children's education	125	125
Social inclusion	109	108
Merton Autism Outreach Service (MAOS)	102	102
SEN support	85	82
Therapy in special schools	457	57
Independent hospital provision	51	51
Portage	39	38
Independent Providers	13,999	11,726
Independent Residential placements	3,943	2,766
Post 16 providers (FE & ISP)	2,412	2,181
Total Cost	26,609	21,532

- 7.25 Of the centrally retained services funding, Merton has tried to limit cost pressures as far as possible. The increase in number of EHCPs has however resulted in major cost pressure on independent, residential placements and out of borough provision.
- 7.26 The growth received on the HNB is not sufficient to cover the rising cost pressures. For 2022/23 the increase will be allocated against various budgets

with known pressures to address the expected overspends, but still leaves a shortfall to meet growth and demand and cost effective savings to achieve a balanced budget.

Post 16 Further Education (FE) College and Independent Specialist Provider (ISP) funding

- 7.27 The funding in this area relates to high level SEN or LDD costs for young people aged over 16 in Further Education (FE) colleges and Individual Service Providers (ISPs). The responsibility for these payments transferred to Local Authorities within the Children and Families Act 2013 with statutory educational responsibility for young people up to the age of 25.

Centrally retained funding for special schools

- 7.28 This includes the funding for centrally provided services for the special schools, similar to de-delegated budgets held for the maintained primary and secondary schools. The services available are detailed in table 21.

Table 21				
Service	Total £'000	2022/23 Unit Cost	2021/22 Unit Cost	Measure
Licences and Subscriptions	3	£4.41	£5.42	NOR
School Meals Subsidy	2	£1.98	£1.81	NOR
Schools in Challenging Circumstances	10	£14.82	£18.05	NOR
Parenting and TU cover	17	£28.53	£32.49	NOR
Support to underperforming ethnic minority groups and bilingual learners	2	£2.04	£3.61	EAL
Tree work	2	£2.40	£3.61	NOR
Behaviour Support	5	£7.66	£9.03	Low Att
School Improvement	4	£5.52	£7.22	NOR
Attain	2	£3.71	£3.61	NOR
Total budget	47			

Central duties to maintained schools (ESG)

- 7.29 In order to maintain the statutory central duties to Merton maintained schools (the services previously funded by the Education Service Grant (ESG)), schools are required to make a contribution towards these services based on numbers on roll through the AWP factor (top-up NOR for special schools). The cost to primary, secondary and special schools will be £33.09 per pupil on roll to provide an overall de-delegated budget of £650k.
- 7.30 For 2021/22 £629k is contributed from the schools block while £21k comes from the high needs block for special schools (same contribution for 2021/22). As detailed in the schools consultation document, schools are 32% of these costs while the LA funds 68%.

Transfers from other blocks

- 7.31 For 2022/23 Merton will transfer £698k (0.5%) from the Schools Block to the High Needs Block (£656k in 2021/22). This represents 0.5% of the Schools Block allocation and will be used to continue to fund the growing cost pressure of increased numbers of EHCPs.
- 7.32 A Dis-application request has been submitted to the Secretary of State on 17th November 2021 to transfer an additional £500k from the school block to the high needs block. The outcome of this request will be known end of January 2022.

Recommendation (j)

School Forum to comment and note the budget setting of the High Needs block for 2022/23.

Financial pressure on the High Needs Block

- 7.33 The continued increase in numbers of EHCPs as detailed in the table 22 below and this pressure is expected to continue and grow in 2022/23.

TABLE 22 Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs		Jan 2020 Total Statements and EHCPs		Jan 2021 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%	No	%	No	%
Early Years (incl. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%	7	0%	8	0%
Mainstream Schools (incl. Academies, Free and Independent)	422	39%	461	37%	526	35%	584	34%	707	37%	816	36%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%	125	6%	133	6%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%	474	25%	520	23%
Independent Special Schools	132	12%	153	12%	176	12%	228	13%	280	15%	367	16%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%	199	10%	268	12%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%	35	2%	44	2%
Alternative Education (incl. EOTAS, Hospital Schools and EHE)	15	1%	10	1%	22	1%	28	2%	61	3%	37	2%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%	40	2%	59	2%
Total	1075	100	1242	100	151	100	1712	100	1928	100%	2252	100
Change over previous year				16%		22%		13%		11%		

- 7.34 Since January 21 we have seen an increase from 2,252 finalised EHCPs to 2,465 EHCPs in September 2021 which is an increase this financial year of 213 finalised EHCPs, and since COVID we have seen a significant increase in referrals for an EHC Needs assessment.

- 7.35 Merton continues to work with other boroughs and partners to:

- Share strategies to reduce costs
 - Utilise shared commissioning partnerships to reduce costs including the use of a dynamic purchasing system
 - Working in collaboration with South London Consortium around fee negotiations for London Boroughs to collectively deliver savings
 - Review benchmarking information of identifying high cost areas we can focus on with the aim to identify savings
 - Utilise the DfE Management tool with forecasting areas of savings and future pressures
 - Lobby government about insufficient high needs funding
- 7.36 We have also reviewed our in-house provision and in conjunction with our strategic needs analysis have expanded our own provision and continue to look at further opportunities for state funded provision that may reduce reliance on more expensive Independent School Placements.

DSG Safety Valve

- 7.37 Due to the ongoing cost pressures within the High Needs Block, Merton's DSG cumulative DSG deficit for 2021/22 was £24.981m. The continued increase in numbers of EHCPs means that this pressure is expected to continue and grow in 2022/23 while the growth received on the HNB grant is not sufficient to cover these cost pressures. As at period 8, the forecast deficit reported was cumulative £37m.
- 7.38 During the last few months Merton representatives have engaged and have been working with the DfE on the Safety Valve program to reduce the deficit and work with the DfE to receive support funding in relation to the ongoing deficit and submitted a DSG Management Plan and if successful will be notified end of January 2022.
- 7.39 Savings work has commenced in line with the Safety Valve program and DSG Management Plan in preparation to reduce the ongoing DSG deficit.

Recommendation (k)

School Forum notes the Safety Valve and DSG Management Tool ongoing work

8 Financial, resource and property implications

- 8.1 The financial implications are detailed in the main body of this report.

9 Legal and statutory implications

- 9.1 No legal implications at this stage.

10 Human rights, equalities and community cohesion implications

10.1 None at this stage.

11 Appendices

- 11.1 Appendix 1: ISB allocations
- 11.2 Appendix 2: 2022/23 and 2021/22 comparable funding allocations
- 11.3 Appendix 3: Funding Formula 2022/23 Rates
- 11.4 Appendix 4: 2022/23 APT
- 11.5 Appendix 5: Early Years Consultation
- 11.6 Appendix 6: Maintained Sector Universal Entitlement
- 11.7 Appendix 7: Maintained Sector Extended Entitlement
- 11.8 Appendix 8: 2-year old funding

12 Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:

- 12.1 Centrally held financial information and other papers held by the Children Schools and Families Finance Team.

13 Report lead author

Pat Harvey, CYP Financial Adviser
0208 545 3946
Patricia.Harvey@merton.gov.uk

Further information about Merton Council can be obtained from its web site
www.merton.gov.uk