

Report to:	SCHOOLS' FORUM
Date:	28 September 2021
Reporting Officer:	Caroline Barlow – Assistant Director Finance Tim Bowman – Director Education (Tameside and Stockport)
Subject:	2022-23 SCHOOL FUNDING UPDATE ON NFF AND SUMMER ANNOUNCEMENTS FROM DFE
Report Summary:	This report provides an update on the latest school funding announcements
Recommendations:	<ol style="list-style-type: none"> 1. Members of the Schools' Forum are requested to note the contents of the report. 2. Agree in principle to 0.50% transfer from schools block to high need block in 2022-23 (at a minimum). 3. Agree in principle to support a disapplication request to the Secretary of State to transfer 1.00% from the schools block to the high needs block (if required) following further funding announcements.
Corporate Plan:	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial and policy framework.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure. The provisional allocations for 2022-23 are outlined within the report. The allocation of the High Needs element of this grant is insufficient to meet current spending or growth in number of pupils requiring support.</p> <p>The Schools Forum and the Council must continue to look for savings to address the growing High Needs deficit and continue to update DfE with progress against the DSG deficit recovery plan.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>There are no immediate legal implications arising from this report save that the Forum needs to be content that the correct accounting treatment is applied to ensure compliance with the grant conditions based on the detailed information provided by finance.</p> <p>The Forum will no doubt also wish to consider the opportunities to make further saving and the progress being made with the deficit recovery plan when reviewing this report.</p>
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.
Access to Information:	<p>NON-CONFIDENTIAL</p> <p>This report does not contain information, which warrants its consideration in the absence of the Press or members of the</p>

public.

Background Information: The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Children's and Safeguarding Services



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1. INTRODUCTION

- 1.1 This report provides information with regards to the DfE spending announcements and some context for the potential impact of the Tameside MBC position. The DSG announcements at this stage only cover the Schools Block, High Needs Block and the Central Service Support Block. Early Years Block information is not shared at this point. Updates on this and confirmation of all other allocations are expected in December 2021.
- 1.2 These indicative figures should be taken in the context that the information released at this stage is based on the 2021-22 data set (October 2020 census data) and will change in some areas to take account of October 2021 census returns.

2. SCHOOLS BLOCK UPDATE 2022-23

- 2.1 The schools block allocation is based on October 2020 census data. Table 1 outlines the 2022-23 allocation of funding on the national basis compared to 2021-22 giving a cash increase of £40.146m an increase of 4%.

TABLE 1 – Allocation by national priority

Item	Total Funding Including ACA 2021-22 £m	Total Funding Including ACA 2022-23 £m	Change £m	% Increase
AWPU	28,450	29,490	1,040	4%
Minimum Per Pupil	455	372	(83)	(18%)
Basic per pupil Funding	28,905	29,862	957	3%
Deprivation	3,341	3,566	225	7%
Low Prior Attainment	2,613	2,640	27	1%
English as an additional language	420	412	(8)	(2%)
Mobility	52	44	(8)	(15%)
Additional Needs Funding	6,426	6,662	236	4%
Lump Sum	2,430	2,503	73	3%
Sparsity	42	95	53	126%
School Led Funding (excluding Premises)	2,473	2,599	126	5%
Premises	531	527	(4)	(1%)
Funding Floor Protection	581		(84)	(14%)
TOTAL	38,916	40,146	1,230	3%
Area Cost Adjustment (included already within the factors above)	949	989	40	4%

- 2.2 The provisional 2022-23 allocation for Tameside MBC has increased by 5.573m, which currently excludes Growth funding. A full breakdown of the funding elements can be found at **Appendix A** along with the detailed national funding amounts.

TABLE 2 – Thameside MBC Provisional 2022-23 Schools Block Funding

	Total 2021-22 Funding Allocated £m	Total 2022-23 Provisional Funding £m	Increase £m
Pupil Led Funding	£178.222	£183.726	£5.504
Premises Funding	£3.923	£3.992	£0.068
Total Funding Less Growth	£182.145	£187.718	£5.573

2.3 The main changes are as follows:

2.4 **Sparsity Factor** - This factor is payable to schools that are both small and remote, a school has to be both to attract this funding. DfE believe due to these circumstances the schools have very little scope to make efficiencies.

The NFF rates have been significantly increased by DfE on the sparsity factor for a 2nd year, increasing from £45k to £55k per primary school, and from £75k to £80k in secondary schools

TABLE 3 – Sparsity Factor increase levels since 2020-21

Sparsity	2020-21 £	2021-22 £	In Year %	2022-23 £	In Year %	Cumulative Increase £	% Increase
Primary Sparsity	26,000	45,000	73%	55,000	22.00%	29,000	112%
Secondary Sparsity	67,000	75,000	12%	80,000	7.00%	13,000	19%

In addition to increasing the rate for 2022-23, the DfE has also changed the measurement for remoteness of schools by using road distances instead of straight line distances as well as allowing for a distance taper (1.6 to 2 miles primary and 2.4 to 3 miles for secondary). The impact of this means 2,500 schools attract this factor up from 1,300 schools.

The allocation of funding affects the national allocation. This factor increases from £42m to £95m, therefore is not available to allocate to other factors. However, this will still not benefit schools in Thameside. The distance change and taper has been modelled through for Thameside schools and there are still no schools in Thameside that would attract this factor under NFF despite the change in measurement

2.5 **IDACI |Bandings** - The data set used to attract deprivation funding for schools. The rates at which the bandings are paid have been increased by at least 3% in most case.

2.6 **Prior Attainment / Mobility** - The prior attainment factor uses pupil attainment data as a measure to allocate funding for pupils with low prior attainment. The 2019 attainment data continues to be used as a proxy for allocating this funding. Similarly the mobility factor is using a proxy for May 2020 and the census did not take place. The child's start date in school will be used instead. These proxies are necessary due to formal results process and census collection being suspended/withdrawn as a result of the pandemic

2.7 **FSM Ever 6** - The measurement point for this factor has changed. This has been brought forward from the January census to the October census to reduce the lag in this factor and bring it in line with the measurement point for other factors. The increase in this factor is 2%.

2.8 **Business Rates** - Following consultation last year regarding centralising of business rates, this funding will no longer come to the LA or Academy Trusts for them to pay the council.

These costs will be paid directly by DfE to each LA on behalf of all schools and Academies in its area.

- 2.9 **Minimum Funding Guarantee (MFG)** - LA's can continue to set the MFG in local formulae between +0.5% and +2% per pupil.
- 2.10 **Minimum Per Pupil Funding Levels (MPPL)** - There is the continuation of compulsory MPPL. This means that all primary schools will receive at least £4,265 per pupil and all secondary schools £5,525 per pupil (£5,321 KS3 and £5,831 KS4) for MPPL.

3. **MOVE TO HARD NFF & DfE CONSULTATION**

- 3.1 Since its introduction in 2018-19 the NFF has been a 'soft' formula. This means, although the DfE calculates funding allocations based on individual mainstream schools data and characteristics, these school level allocations are then aggregated for each LA. Whilst the DfE does set parameters, LA's currently do have some discretion and flexibility on how these are applied. The DfE are taking the next steps to a 'hard' national formula and to support this have launched, in July, a consultation for LA's schools, academy trusts and any other interested parties.
- 3.2 The consultation can be found at the link below and the closing date is 30 September 2021. [Fair school funding for all: completing our reforms to the National Funding Formula \(education.gov.uk\)](https://www.education.gov.uk/fair-school-funding-for-all-completing-our-reforms-to-the-national-funding-formula)
- 3.3 Tameside along with a significant number of LA's are already mirroring the majority of the NFF factors but will be submitting a response to the consultation. Schools and Academies are encouraged to do the same.

4. **HIGH NEEDS BUDGET UPDATE 2022-23**

- 4.1 High Needs funding has increased by 9.6% nationally, £780m, local authorities have seen an increase between an 8% minimum and 11% capped increase. The 11% increase is before recoupment, Alternative Provision (AP) and Hospital Funding Factor is included. Tameside have received the maximum increase possible capped at 11%. Without the cap at 11% Tameside would have received an additional £2.988m.
- 4.2 Following the DfE consultation earlier in the year the historic factor within the High Needs calculation will be allocated based of 50% of an LA's 2017-18 actual spend rather than 2017-18 planned spend. For this factor Tameside historic factor changed from £8.6m to £8.8m, however due to the capping factor the full benefit of the increase is not received.
- 4.3 The current announcements are provisional and will be subject to further updates as below:
- December 2021 update to the basic entitlement factor, based on January 2021 alternative provision (AP) census and October 2021 school census data.
 - May/June 2022 update to the import/export adjustment, based on January 2022 school census data and February 2022 R06 Individualised Learner Record (ILR) data for students in further education.
 - May/June 2022 update to the additional funding for new and growing special free schools, alongside the import/export adjustment, based on January 2022 school census data.
 - Any adjustments to hospital education funding following the data collection by DfE in autumn 2021.
- 4.4 Tameside have received the maximum increase possible capped at 11% (before Import/Export adjustments and Recoupment).

- 4.5 Table 4 shows the provisional allocation for 2022-23 compared to the current 2021-22 allocation. Tameside are seeing an overall increase of £3.072m (before recoupment and any further adjustments) or 11%. Note: an estimate for growth in pupil numbers is built in at £0.101m, this will be finalised and confirmed in December 2021 but is likely to be offset by an estimated increase in recoupment.

TABLE 4 - Provisional High Needs Allocation 2022-23

High Needs Allocation	Forecast 2021-22 £m	Forecast 2022-23 £m	Difference £m	Difference %
Total high needs elements in the funding floor and gains calculation	£25.468	£28.533	£3.065	12.0%
Basic Entitlement	£3.282	£3.283	£0.000	0.0%
Total Formula Allocation	£28.750	£31.816	£3.065	10.7%
Plus AP Funding Factor	£0.180	£0.187	£0.007	3.9%
Less Import/export	(£0.735)	(£0.735)	£0.000	0.0%
Total Allocation (before Recoupment)	£28.195	£31.268	£3.072	10.9%
Less Recoupment	(£1.853)	(£1.964)	(£0.111)	6.0%
Total Allocation (after Recoupment)	£26.342	£29.304	£2.961	11.2%
Additional Basic Entitlement (expected Dec 21)***		£0.101	£0.101	0.0%
Funding Available	£26.342	£29.405	£3.062	11.6%
Forecast Spend	£29.613	£34.988	£5.375	18.2%
Annual Funding Gap (In year Deficit)	(£3.271)	(£5.583)	(£2.313)	70.7%

*** Estimated increase in allocation based October 2021 census

- 4.6 The table also shows although Tameside is seeing increases in funding of £3.062m (after recoupment) this is offset by an estimated increased spend of £5.375m.
- 4.7 This increased spend reflects the continuing expected increases and further growth of EHCP's which are shown below in Table 5. This also shows the percentage of pupils in receipt of an EHCP's is likely to increase steadily from 3.58% (national average approx. 3.6%) to over 6% in the next 5 years.

TABLE 5 - Projected Growth in EHCP Numbers

Sector	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Mainstream	575	824	1,024	1,154	1,219	1,269
Resourced	57	97	137	177	177	177
Special	676	728	800	830	860	890
Pre 16 (Independent, OOB & NMSS)	212	248	258	268	278	283
Post 16	209	239	274	314	359	374
Totals	1,729	2,136	2,493	2,743	2,893	2,993
Overall Growth		407	357	250	150	100
Age 2-18 ONS population projection	48,335	48,335	48,784	48,784	48,784	48,784
% of Population EHCP's	3.58%	4.42%	5.11%	5.62%	5.93%	6.14%

4.8 Tameside continues to receive a capped funding formula allocation in 2022-23 and this has a significant impact on the high needs deficit position. Without the cap for 2021-22 Tameside would have received an additional £3.151m funding and the latest announcements show a further cap of £2.988m for 2022-23. Table 6 below shows the impact this has had on the in-year projected deficit for 2021-22 and provisional deficit 2022-23 and demonstrates:

- (a) the High Needs deficit before any block transfers and,
- (b) Assuming the 0.50% transfer from Schools Block continues in 2022-23

TABLE 6 – Capped High Needs Funding Allocation

	2021-22 Current £m	2022-23 Forecast £m	Cumulative over 2 Years £m
NFF Allocation before Cap (& Recoupment)	£31.347	£34.256	
Cap on Funding	(£3.151)	(£2.988)	
NFF Actual Allocation	£28.196	£31.268	
a) High Needs Deficit before any Block Transfer			
High Needs In Year Deficit (with Cap & before 0.50% transfer from Schools Block)	(£3.270)	(£5.584)	(£8.854)
High Needs In Year Deficit (without Cap & before 0.50% transfer from Schools Block)	(£0.119)	(£2.596)	(£2.715)
b) High Needs Deficit assuming Transfer from Schools Block			
0.50% Transfer from Schools Block	£0.878	£0.939	
High Needs In Year Deficit (with Cap)	(£2.393)	(£4.645)	(£7.038)
High Needs In Year Deficit (without Cap)	£0.758	(£1.657)	(£0.899)

5. BLOCK TRANSFER 2022-23

- 5.1 Local Authorities will continue to be able to transfer up to 0.50% of the Schools Block allocation to another block within the DSG, with Schools Forum approval. A disapplication process to the DfE will continue to be in place for any amounts over 0.50% or for any amount without Schools Forum approval.
- 5.2 The table below gives an overview of the High Needs funding and forecast spending for 2021-22 and 2022-23. Based on current Growth projections the table shows even continuing with a 0.50% transfer (as in 2021-22) of £0.939m this would still leave a potential in-year deficit on the High Needs Block of £4.644m in 2022-23 and a 1.00% transfer would still leave an in year deficit of £3.705m and potential cumulative deficit over the 2 years of £6.098m. Consideration will also need to be given to the cumulative deficit on the High Needs block and the impact this will have on other blocks within the Dedicated Schools Grant (DSG).

TABLE 7 – Impact of 2022-23 Funding Allocations against projected Costs

Schools Block Transfer	Forecast 2021-22 £m	Forecast 2022-23 £m	Cumulative over 2 Years £m
High Needs Funding	£26.343	£29.405	
Forecast Spend	£29.613	£34.988	
Annual Funding Gap (In year Deficit)	(£3.270)	(£5.583)	(£8.853)
(1) 0.50% Transfer from Schools Block	£0.878	£0.939	
Annual Funding Gap (In year Deficit) -0.50% Transfer	(£2.393)	(£4.644)	(£7.036)

(2) 1.00% Transfer from Schools Block	£0.878	£1.878	
Annual Funding Gap (In year Deficit) -1.00% Transfer	(£2.393)	(£3.705)	(£6.097)

* Table includes rounding's

- 5.3 Tameside continues to have a significant funding gap. As in previous years Schools Forum are asked to support the 0.5% transfer to the High Needs block to support spending for additional needs. Schools Forum are further asked consider if a request to the DfE should be made in requesting an increased top slice to 1%, and request the Secretary of States permission to do so.
- 5.4 Consultation with schools will be carried out in the normal way to seek opinions as to the local application of the Schools Funding Formula in Tameside.

6. CENTRAL SERVICES SCHOOLS BLOCK (CSSB)

- 6.1 The CSSB covers funding allocated to Local Authorities to carry out central functions on behalf of pupils in maintained schools and academies in England. CSSB funding is split into two elements: funding for ongoing responsibilities and funding for historic commitments, Tameside receives only for on-going responsibilities in its allocation.
- 6.2 Similar to the HNB authorities can receive between a protected 2.5% increase and 5.6% capped. CSSG funding has increased by 5.6% for Tameside £62k as outlined in the Table 7 below. Without the cap Tameside would receive a further £145k.

TABLE 7 – Provisional CSSB Funding 2022-23

	Current Year 2021-22 £m	Provisional 2022-23 £m	Increase £m
CSSB Provisional Funding	£1.114	£1.176	£0.062

- 6.3 The main changes to the national formula allocations are the measurement point for FSM6 to October rather than January and changes to the historic costs. Tameside has no historic costs in its allocations. For other LA's historic costs continue to reduce at by 20% on the prior year allocation, with protection for LA's with on-going prudential borrowing costs and historic teacher's pension's costs.

7. CONCLUSION

- 7.1 Tameside will see increases in funding across all funding blocks under the proposed 2022-23 DSG funding announcements. However, the funding for High Needs in borough will remain insufficient to meet the need in the borough.

8. RECOMMENDATIONS

- 8.1 As set out at the front of the report.

APPENDIX A

Item	2021-22 Unit Value	2022-23 Unit Value	% Increase	Total Funding Included ACA £m	Proportion of core total %
Basic per pupil Funding				£29,862	76.3%
AWPU				£29,490	75.4%
AWPU_Primary	3,123	3,217	3.00%	£14,821	37.9%
AWPU_KS3	4,404	4,536	3.00%	£8,624	22.0%
AWPU_KS4	4,963	5,112	3.00%	£6,045	15.5%
Minimum Per Pupil				£372	0.9%
Minimum Per Pupil Level Primary	4,180	4,265	2.00%	£279	0.7%
Minimum Per Pupil Level Secondary	5,415	5,525	2.00%	£92	0.2%
Additional Needs Funding				£6,662	17.0%
Deprivation				£3,566	9.1%
Deprivation_FSM_PRIM_Meals	460	470	2.00%	£453	1.2%
Deprivation_FSM_SEC_Meals	460	470	2.00%	£282	0.7%
Deprivation_FSM6_PRIM_Meals	575	590	3.00%	£639	1.6%
Deprivation_FSM6_SEC_Meals	840	865	3.00%	£730	1.9%
Deprivation_IDACI_PRIM_A	620	640	3.00%	£99	0.3%
Deprivation_IDACI_PRIM_B	475	490	3.00%	£147	0.4%
Deprivation_IDACI_PRIM_C	445	460	3.00%	£135	0.3%
Deprivation_IDACI_PRIM_D	410	420	2.00%	£118	0.3%
Deprivation_IDACI_PRIM_E	260	270	4.00%	£143	0.4%
Deprivation_IDACI_PRIM_F	215	220	2.00%	£109	0.3%
Deprivation_IDACI_SEC_A	865	890	3.00%	£86	0.2%
Deprivation_IDACI_SEC_B	680	700	3.00%	£136	0.3%
Deprivation_IDACI_SEC_C	630	650	3.00%	£127	0.3%
Deprivation_IDACI_SEC_D	580	595	3.00%	£111	0.3%
Deprivation_IDACI_SEC_E	415	425	2.00%	£148	0.4%
Deprivation_IDACI_SEC_F	310	320	3.00%	£104	0.3%
Low Prior Attainment				£2,640	6.7%
Prior_Attainment_PRIM	1,095	1,130	3.00%	£1,497	3.8%
Prior_Attainment_SEC	1,660	1,710	3.00%	£1,142	2.9%
English as an additional language				£412	1.1%
EAL_PRIM	550	565	3.00%	£307	0.8%
EAL_SEC	1,485	1,530	3.00%	£105	0.3%
Mobility				£44	0.1%
Mobility Primary	900	925	3.00%	£35	0.1%
Mobility Secondary	1,290	1,330	3.00%	£9	0.0%
School Led Funding				£2,599	6.6%
Lump Sum				£2,503	6.4%
Lump_Sum	117,800	121,300	3.00%	£2,092	5.3%

Lump_Sum_Sec	117,800	121,300	3.00%		£411	1.1%
Sparsity					£95	0.2%
Primary Sparsity	45,000	55,000	22.00%		£89	0.2%
Secondary Sparsity	75,000	80,000	7.00%		£7	0.0%
Premises					£527	1.3%
Area Cost Adjustment					£989	
Protections						
Floor					£497	
Primary floor funding					£279	
Secondary floor funding					£218	
TOTAL					£40,146	