



<b>Report to:</b>	<b>EDUCATION ATTAINMENT IMPROVEMENT BOARD</b>
<b>Date:</b>	19 October 2021
<b>Reporting Officer:</b>	Tim Bowman – Director, Education (Tameside and Stockport) Caroline Barlow – Assistant Director, Finance
<b>Subject:</b>	<b>2022-23 SCHOOL FUNDING UPDATE ON NFF AND SUMMER ANNOUNCEMENTS FROM DFE</b>
<b>Report Summary:</b>	This report provides an update on the latest school funding announcements
<b>Recommendations:</b>	Members are asked to note the contents of the report, and the proposed consultation basis surrounding the 0.5% transfer from Schools Block to High Needs Block for financial year 2022-23.
<b>Corporate Plan:</b>	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.
<b>Policy Implications:</b>	In line with financial and policy framework.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	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.  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.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	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.  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
<b>Risk Management:</b>	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.
<b>Access to Information:</b>	<b>NON-CONFIDENTIAL</b>  <b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b>
<b>Background Information:</b>	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 for the financial year 2022-23.
- 1.2 The dedicated schools grant is allocated through a nationally determined formula to local authorities in 4 blocks;
- Central Services Schools Block - provided to provide funding to Local Authorities to support carrying out statutory duties on behalf of schools.
  - Schools Block - This is intended to fund mainstream (non-special) Schools
  - High Needs Block - This is to fund Special Schools, additional support in mainstream schools for Special Educational Needs (SEND) and other SEND placements / support.
  - Early Years Block - This funds the free/extended entitlement & funding of places for 2, 3 and 4 year olds in school nurseries and Private, Voluntary and Independent (PVI) Sector settings.
- 1.3 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.
- 1.4 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 2022-23 national allocation to the schools block, based on October 2020 census data, is an increase of £40.146m an increase of 4% compared to 2021-22. The table at Appendix A provides a comparison of 2021-22 to 2022-23 showing where the funding has been focused in line with national priorities.
- 2.2 The provisional 2022-23 allocation for Tameside MBC has increased by £5.573m as outlined in table 1, this allocation currently excludes Growth funding. A full breakdown of the funding elements can be found at Appendix B along with the detailed national funding amounts.

**TABLE 1 – Tameside MBC Provisional 2022-23 Schools Block Funding**

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

- 2.3 The main changes in the formula 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 2 – 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%

- 2.5 In addition to increasing the rate for 2022-23, the DfE has also changed the measurement for remoteness of schools. The impact of this means 2,500 schools attract this factor up from 1,300 schools. The funding under this factor increases from £42m to £95m. This extra funding will still not benefit schools in Tameside. Implications have been modelled through for Tameside schools and there are still no schools in Tameside that would attract this factor under NFF despite the change in measurement.
- 2.6 **Deprivation Factors** - The funding factors that support deprivation within the formula have on average increased by 3% for IDACI and Free School Meals Ever 6, and 2% for Free School meals.
- 2.7 **Business Rates** - Following consultation last year regarding centralising of business rates, this funding will no longer come to the local authority (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.
- 2.8 Final schools block figures for 2022-23 are expected to be issued by DfE prior to the Christmas break.

### 3. SCHOOLS BLOCK MOVE TO HARD NFF AND 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, local authorities 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 local authority schools, academy trusts and any other interested parties.
- 3.2 Tameside along with a significant number of local authorities are already mirroring the majority of the NFF factors but have submitted a response to the consultation which closed on 30 September 2021.

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

- 4.1 The High needs funding block is made up of separate elements within the calculation;
- Basic entitlement which is an amount per pupil (based on the January census point)
  - Historic spend factor recognising that Local Authorities may have legacy contracts they cannot quickly exit
  - Proxy factors to reflect the characteristics of the population.
- 4.2 High Needs funding has increased by 9.6% nationally, £780m, local authorities have seen an increase between an 8% minimum and 11% capped increase. Tameside have received the maximum increase possible capped at 11%. Without the cap at 11% Tameside would have received an additional £2.988m.

- 4.3 Following the DfE consultation earlier in the year the historic factor within the High Needs calculation will be allocated based of 50% of a local authorities 2017-18 actual spend rather than 2017-18 planned spend. For this factor, Tameside's historic factor changed from £8.6m to £8.8m. However, due to the capping factor the full benefit of the increase is not received.
- 4.4 Table 3 shows the provisional allocation for 2022-23 compared to the current 2021-22 allocation.

**TABLE 3 - Provisional High Needs Allocation 2022-23**

High Needs Allocation	Forecast 2021-22 £m	Forecast 2022-23 £m	Difference £m	Difference %
Funding Available	£26.342	£29.405	£3.062	11.6%
Forecast Spend	£29.613	£34.988	£5.375	18.2%
<b>Annual Funding Gap (In year Deficit)</b>	<b>(£3.271)</b>	<b>(£5.583)</b>	<b>(£2.313)</b>	<b>70.7%</b>

\*\*\* Estimated increase in allocation based October 2021 census

- 4.5 The table also shows although Tameside is seeing increases in funding of £3.062m this is offset by an estimated increased spend of £5.375m.
- 4.6 This increased spend reflects the continuing expected increases and further growth of EHCP's which are shown below in Table 4. 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 4 - 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
<b>Totals</b>	<b>1,729</b>	<b>2,136</b>	<b>2,493</b>	<b>2,743</b>	<b>2,893</b>	<b>2,993</b>
<b>Overall Growth</b>		<b>407</b>	<b>357</b>	<b>250</b>	<b>150</b>	<b>100</b>

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%

- 4.7 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 of funding and the latest announcements show a further cap of £2.988m for 2022-23. Table 5 below shows the impact this has had on the in-year projected deficit for 2021-22 and provisional deficit 2022-23 and demonstrates:

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

**TABLE 5 – 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	
<b>a) High Needs Deficit before any Block Transfer</b>			
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>b) High Needs Deficit assuming Transfer from Schools Block</b>			
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)

4.8 As can be seen in Table 5, if the cap was removed, there is a much smaller forecast deficit before the schools block transfer for 2021-22 of £0.119m and post the school block transfer actually a forecast surplus of £0.758m. This highlights the significant impact of the cap.

## 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 Schools will be consulted to request support to transfer 0.5% from schools block to the high needs block. As the table below shows based on current Growth projections even 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.

5.3 Schools will also be asked to support a further 0.5% transfer providing in total a 1.00% transfer. This would still leave an in year deficit of £3.705m and potential cumulative deficit over the 2 years of £6.098m.

**TABLE 6 – Impact of 2022-23 Funding Allocations against projected Costs**

<i>* Table includes rounding's</i>	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	
<b>Annual Funding Gap (In year Deficit)</b>	<b>(£3.270)</b>	<b>(£5.583)</b>	<b>(£8.853)</b>
(1) 0.50% Transfer from Schools Block	£0.878	£0.939	
<b>Annual Funding Gap (In year Deficit) -0.50% Transfer</b>	<b>(£2.393)</b>	<b>(£4.644)</b>	<b>(£7.036)</b>
(2) 1.00% Transfer from Schools Block	£0.878	£1.878	
<b>Annual Funding Gap (In year Deficit) -1.00% Transfer</b>	<b>(£2.393)</b>	<b>(£3.705)</b>	<b>(£6.097)</b>

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 High Needs Block authorities can receive between a protected 2.5% increase and 5.6% capped. CSSB 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**

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

6.3 The biggest changes to the national formula allocations is changes to the historic costs. Tameside has no historic costs in its allocations. For other local authorities historic costs continue to reduce at by 20% on the prior year allocation, with protection given for 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

### Schools Block Funding 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%)
<b>Basic per pupil Funding</b>	<b>28,905</b>	<b>29,862</b>	<b>957</b>	<b>3%</b>
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%)
<b>Additional Needs Funding</b>	<b>6,426</b>	<b>6,662</b>	<b>236</b>	<b>4%</b>
Lump Sum	2,430	2,503	73	3%
Sparsity	42	95	53	126%
<b>School Led Funding (excluding Premises)</b>	<b>2,473</b>	<b>2,599</b>	<b>126</b>	<b>5%</b>
<b>Premises</b>	<b>531</b>	<b>527</b>	<b>(4)</b>	<b>(1%)</b>
<b>Funding Floor Protection</b>	<b>581</b>		<b>(84)</b>	<b>(14%)</b>
<b>TOTAL</b>	<b>38,916</b>	<b>40,146</b>	<b>1,230</b>	<b>3%</b>
Area Cost Adjustment (included already within the factors above)	949	989	40	4%



## APPENDIX B

Item	2021-22 Unit Value	2022-23 Unit Value	% Increase	Total Funding Included ACA £m	Proportion of core total %
<b>Basic per pupil Funding</b>				<b>£29,862</b>	<b>76.3%</b>
<b>AWPU</b>				<b>£29,490</b>	<b>75.4%</b>
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%
<b>Minimum Per Pupil</b>				<b>£372</b>	<b>0.9%</b>
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%
<b>Additional Needs Funding</b>				<b>£6,662</b>	<b>17.0%</b>
<b>Deprivation</b>				<b>£3,566</b>	<b>9.1%</b>
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%
<b>Low Prior Attainment</b>				<b>£2,640</b>	<b>6.7%</b>
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%
<b>English as an additional language</b>				<b>£412</b>	<b>1.1%</b>
EAL_PRIM	550	565	3.00%	£307	0.8%
EAL_SEC	1,485	1,530	3.00%	£105	0.3%
<b>Mobility</b>				<b>£44</b>	<b>0.1%</b>
Mobility Primary	900	925	3.00%	£35	0.1%
Mobility Secondary	1,290	1,330	3.00%	£9	0.0%
<b>School Led Funding</b>				<b>£2,599</b>	<b>6.6%</b>
<b>Lump Sum</b>				<b>£2,503</b>	<b>6.4%</b>
Lump_Sum	117,800	121,300	3.00%	£2,092	5.3%

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