

Report to:	SCHOOLS' FORUM
Date:	27 September 2022
Reporting Officer:	Caroline Barlow – Assistant Director, Finance Tim Bowman – Director, Education (Tameside and Stockport)
Subject:	2023-24 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 2023-24 subject to affordability.
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 2023-24 are outlined within the report.</p> <p>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 identify 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)	There are no immediate legal implications arising from this report save that the Forum needs to be aware of the comments in the financial implications that the grant is insufficient to meet the current spending. Therefore savings need to be identified to address the deficit.
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:	NON-CONFIDENTIAL
	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Information: The background papers relating to this report can be inspected by contacting Caroline Barlow – Assistant Director of Finance, Financial Management, Children’s and Safeguarding Services



Telephone: 0161 342 3554



e-mail: caroline.barlow@tameside.gov.uk

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 2022.
- 1.2 These are indicative figures the information released at this stage is based on the 2022-23 data set (October 2021 census data) and will change in some areas to take account of October 2022 census returns.
- 1.3 2023-24 is the second year of a three year funding settlement which has seen core school funding increase by £1.5bn from 2022-23 across Schools Block, High Needs and Central Services, there is an increase in funding rates of 1.9% nationally
- 1.4 The provisional 2023/24 allocation for Tameside has increased by £7.5m, this is after increasing the 2022/23 allocation to take account to the supplementary funding that was allocated in 2022/23.

TABLE 1 – Provisional DSG Allocation

	2022-23 £m	2023-24 £m	Inc £m	Tameside %	National %
Schools Block **	195.025	200.215	5.190	2.66%	1.94%
High Needs Block	32.867	35.143	2.276	6.93%	6.37%
Central Services Block (CSSB)	1.182	1.251	0.069	5.86%	-4.12%
Total Funding Less Growth	229.074	236.609	7.536	3.29%	2.67%

***Schools Block funding (excluding growth).*

2. SCHOOLS BLOCK UPDATE 2023-24

- 2.1 The schools block allocation is based on October 2021 census data. The provisional 2023-24 allocation for Tameside MBC has increased by £5.190m, which currently excludes Growth funding which will be allocated once the final allocation is announced in December 2022. A full breakdown of the funding elements can be found at **Appendix A** along with the detailed national funding amounts.

TABLE 2 – Tameside MBC Provisional 2023-24 Schools Block Funding

	Total 2022-23 Funding Allocated £m	Total 2023-24 Provisional Funding £m	Increase £m
Pupil Led Funding #	£191.033	£196.302	£5.269
Premises Funding	£3.992	£3.913	(£0.079)
Total Funding Less Growth	£195.025	£200.215	£5.190

including the Schools Supplementary Grant in 2022/23.

- 2.2 The main changes are as follows:
- 2.3 **IDACI and the FSM6 Factors** - A greater proportion of the national funding has been targeted to FSM6 and IDACI factors. These factors have been increased by at least 4.3% compared to 2022/23 levels. This is positive for Tameside due to the levels of deprivation in the borough.

- 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 continue to increase, the rate for Primary schools has increased since last year by £1,000 and Secondary by £1,900.

TABLE 3 – Sparsity Factor increase levels since 2020-21

Sparsity	2020-21	2023-24	Cumulative Increase	Cumulative % Increase
Primary Sparsity	26,000	56,300	30,300	117%
Secondary Sparsity	67,000	81,900	14,900	22%

The allocation of funding affects the national allocation this factor increases from £95m to £97m, the increase in this factor will not benefit schools in Tameside. The distance change and tapered measurement between schools has been modelled through for Tameside schools are there are still no schools in Tameside that would attract this factor under NFF despite the change in measurement.

- 2.5 **Prior Attainment** - The prior attainment factor uses pupil attainment data as a measure to allocate funding for pupils with low prior attainment. The 2019 assessment data will be used as a proxy measure, which prior to 2022 was the last formal assessment due to the pandemic to allocate this funding.
- 2.6 **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.
- 2.7 **Minimum Funding Guarantee (MFG)** - LA's can set the MFG in local formulae between +0.0% and +0.5% per pupil (was +0.5% and 2% per pupil in 2022-23)
- 2.8 **Minimum Per Pupil Funding Levels (MPPL)** - There is the continuation of compulsory MPPL. This means that all primary schools will receive at least £4,405 per pupil and all secondary schools £5,715 per pupil (£5,503 KS3 and £6,033 KS4) for MPPL.
- 2.9 In general, the rest of the factor increases are between 2% and 3%. The funding floor has been raised in the formula to ensure every school should attract at least 0.5% more pupil led funding compared to 2022-23 levels.
- 2.10 This is the first year the DfE are moving LA's closer to a direct NFF meaning every LA must use only NFF factors and they must use all of the NFF factors. They must also move 10% closer to the NFF factors. Tameside is already in line with NFF therefore these changes will not impact on Tameside schools.

3. HIGH NEEDS BLOCK UPDATE 2023-24

- 3.1 High Needs funding has increased 6.3% nationally £570m, local authorities have seen an increase between 5% minimum and 7% capped increase. The 7% increase is before recoupment and the hospital factor is included. Tameside have received the maximum increase possible capped at 7%. Without the cap at 7% Tameside would have received an additional £3.479m. This increase is after adding in the supplementary grant that has been added to the 2022/23 baseline.
- 3.2 The current announcements are provisional and will be subject to further updates as below:

- Import / Export 2023-24 – will be notified July 23 and updates based on January 2023 school census for special schools and R06 individualised learner record (ILR) data from academic year 2022/23 for FE Colleges
- Basic Entitlement Update 2023-24 – will be notified December 22 and updated based on October 2022 school census for special schools and January 2022 AP census for independent schools.
- Any adjustments to hospital education funding following the data collection by DfE in autumn 2022.

3.3 Table 4 shows the provisional allocation for 2023-24 compared to the current 2022-23 allocation. Tameside are seeing an overall increase of £2.276m (before recoupment and any further adjustments) or 7%.

TABLE 4 - Provisional High Needs Allocation 2022-23

	2022-23 Allocation £000	23-24 Provisional Allocation £000	Difference £000	%
2022-23 Historic spend factor	£8,818	£8,818	£0	0%
2022-23 Other proxy factor funding	£22,703	£26,807	£4,105	18%
2022-23 Funding floor factor	£0	£0	£0	0%
2022-23 Gains limit adjustment	(£2,988)	(£3,479)	(£491)	16%
Additional funding for special free schools	£42	£0	(£42)	-100%
Supplementary funding	£1,300	£0	(£1,300)	-100%
Adjusted 2022-23 baseline	£29,875	£32,146	£2,271	8%
Basic Entitlement	£3,633	£3,633	(£0)	0%
AP Factor	£187	£192	£5	3%
Less Import	(£828)	(£828)	£0	0%
Published 19-07-22	£32,867	£35,143	£2,276	7%
Less Recoupment	(£4,125)	(£4,125)	£0	0%
Total HN Block (After Recoupment)	£28,742	£31,018	£2,276	8%

Note: further adjustments are expected for pupil growth and recoupment

3.4 The table also shows although Tameside is seeing increases in funding of £2.276m (after recoupment) we expected this to be offset by an estimated increased spend of £8.455m, if demands for EHCP's continue to grow at the current rate would still leave us an estimated in year gap of £4.165m, there will also be a carry forward overspend to recover from 2022-23 totalling £6.871m which would give an estimated £11.036m deficit to address in 2023-24. Any changes in growth up or down will clearly affect this.

TABLE 5 - Provisional High Needs Allocation 2022-23

	Current Year 2022/23	Provisional 2023/24	Change
<u>Funding</u>	£m	£m	£m
High Needs Funding Pre Recoupment	33.653	35.971	2.318
Top slice from the Schools Block at 0.50%	0.954	1.001	0.047
Import/Export Adjustment	(0.786)	(0.828)	(0.042)
Additional Basic Entitlement (expected Dec 22)		0.188	0.188
Less Recoupment	(4.125)	(4.125)	0.000
Total Funding	29.696	32.207	2.511
<u>Expenditure</u>			
Current Forecast Spend	(27.922)	(27.917)	0.005
Estimated Growth	(5.402)	(8.455)	(3.053)
Total Estimated Spend	(33.324)	(36.372)	(3.048)
In-Year Funding Gap	(3.628)	(4.165)	(0.537)
DSG Deficit Brought Forward	(3.243)	(6.871)	(3.628)
Total DSG Deficit	(6.871)	(11.036)	(4.165)
Carried Forward Deficit to Recover	(6.871)	(11.036)	(4.165)

4. BLOCK TRANSFER 2023-24

- 4.1 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.
- 4.2 Table 5 gives an overview of the High Needs funding and forecast spending for 2022-23 and 2023-24. Based on current Growth projections the table shows even continuing with a 0.50% transfer (as in 2021-22) of £1.001m this would still leave a potential in-year deficit on the High Needs Block of £4.165m in 2023-24 and a 1.00% transfer would still leave an in year deficit of £3.164m.
- 4.3 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. Consultation with schools will be carried out in the normal way to seek opinion on the block transfer. Consultation with regard to the application of the Schools Block NFF is no longer needed as we comply with DfE's requirements. School Forum are requested to support in principle the transfer from Schools Block to High Needs Block of 0.5% subject to affordability within the schools block allocation.

5. CENTRAL SERVICES SCHOOLS BLOCK (CSSB)

- 5.1 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.

- 5.2 The CSSB has reduced overall by 4.1%, however Tameside will see an increase in funding as the formula continues to reduce historic funding for LA's by 20%. Tameside is not affected by this reduction as it has no historic funding. Details of the increase are included in Table 6.

TABLE 6 – Provisional CSSB Funding 2023-24

	Current Year 2022-23 £m	Provisional 2023-24 £m	Increase £m
CSSB Provisional Funding	£1.182	£1.251	£0.069

6. CONCLUSION

- 6.1 Tameside will see increases in funding across all funding blocks under the proposed 2023-24 DSG funding announcements, however the funding for High Needs in borough will remain insufficient to meet the need in the borough.

7. RECOMMENDATIONS

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

APPENDIX A

Item	2022-23 Unit Value	Supp Funding Unit Value	2022-23 Unit Value Adjusted to include Supplementary Grant	2023-24 Unit Value	% Increase	% Increase with Supplementary Funding	Total Funding (Including ACA) £m	Proportion of core total %
Basic per pupil Funding							£31,566	76.0%
Basic entitlement (AWPU)							£31,342	75.5%
Primary basic entitlement	3,217	97	3,314	3,394	5.50%	2.40%	£15,549	37.5%
KS3 basic entitlement	4,536	137	4,673	4,785	5.50%	2.40%	£9,235	22.2%
KS4 basic entitlement	5,112	155	5,267	5,393	5.50%	2.40%	£6,558	15.8%
Minimum Per Pupil							£223	0.5%
Minimum Per Pupil Level Primary	4,265	119	4,384	4,405	3.30%	0.50%	£178	0.4%
Minimum Per Pupil Level Secondary	5,525	164	5,689	5,715	3.40%	0.50%	£46	0.1%
Additional Needs Funding							£7,209	17.4%
Deprivation							£4,062	9.8%
Primary FSM	470	0	470	480	2.10%	2.10%	£510	1.2%
Secondary FSM	470	0	470	480	2.10%	2.10%	£332	0.8%
Primary FSM6	590	85	675	705	19.50%	4.40%	£799	1.9%
Secondary FSM6	865	124	989	1,030	19.10%	4.10%	£887	2.1%
Primary IDACI A	640	0	640	670	4.70%	4.70%	£103	0.2%
Primary IDACI B	490	0	490	510	4.10%	4.10%	£151	0.4%
Primary IDACI C	460	0	460	480	4.30%	4.30%	£139	0.3%
Primary IDACI D	420	0	420	440	4.80%	4.80%	£122	0.3%
Primary IDACI E	270	0	270	280	3.70%	3.70%	£146	0.4%
Primary IDACI F	220	0	220	230	4.50%	4.50%	£113	0.3%
Secondary IDACI A	890	0	890	930	4.50%	4.50%	£93	0.2%
Secondary IDACI B	700	0	700	730	4.30%	4.30%	£146	0.4%
Secondary IDACI C	650	0	650	680	4.60%	4.60%	£135	0.3%
Secondary IDACI D	595	0	595	620	4.20%	4.20%	£118	0.3%
Secondary IDACI E	425	0	425	445	4.70%	4.70%	£158	0.4%
Secondary IDACI F	320	0	320	335	4.70%	4.70%	£111	0.3%
Low Prior Attainment (LPA)							£2,662	6.4%
Primary LPA	1,130	0	1,130	1,155	2.20%	2.20%	£1,472	3.5%
Secondary LPA	1,710	0	1,710	1,750	2.30%	2.30%	£1,190	2.9%
English as an additional language (EAL)							£434	1.0%
Primary EAL	565	0	565	580	2.70%	2.70%	£318	0.8%
Secondary EAL	1,530	0	1,530	1,565	2.30%	2.30%	£116	0.3%
Mobility							£50	0.1%
Primary Mobility	925	0	925	945	2.20%	2.20%	£40	0.1%
Secondary Mobility	1,330	0	1,330	1,360	2.30%	2.30%	£11	0.0%
School Led Funding							£2,739	6.6%
Lump Sum							£2,642	6.4%
Primary lump sum	121,300	3,680	124,980	128,000	5.50%	2.40%	£2,207	5.3%
Secondary lump sum	121,300	3,680	124,980	128,000	5.50%	2.40%	£435	1.0%
Sparsity							£97	0.2%
Primary Sparsity	55,000	0	55,000	56,300	2.40%	2.40%	£91	0.2%
Secondary Sparsity	80,000	0	80,000	81,900	2.40%	2.40%	£6	0.0%
Premises		0					£539	1.3%
Area Cost Adjustment							£1,060	
Core total (excluding funding floor)							£41,513	
Floor		0					£326	
Primary floor funding		0					£175	
Secondary floor funding		0					£151	
TOTAL		0					£42,378	