



Briefing note

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Purpose of the Paper:

Information	√
Consultation	
Decision	

Title of Briefing: **Update All Schools on Funding Distribution for 2022/23 and General Update on financial positions for 2021/22**

Purpose of Paper

- 1.1 This paper provides an outline of the current information available relating to 2022/23 for each funding block of the Dedicated Schools Grant (DSG) including indicative allocations (based on October 2020 census data) which were announced in October 2021.
- 1.2 This report also contains a brief update on the draft 2021/22 budget monitoring position after the first set of monitoring visits to schools.

Update on 2022/23 Funding Allocations

- 2.1 In September 2017 the Department for Education (DfE) published the response to the stage 2 national funding formula consultation and confirmed the details of the National Funding Formula (NFF) for the Schools block. In 2022/23 the Dedicated Schools Grant (DSG) will continue to be comprised of four blocks covering: Schools, High Needs, Early Years and the Central School Services. Each of the four blocks has their own funding formula.

DSG Illustrative funding 2022/23: Schools Block

- 2.2 In 2022/23, as in 2020/21 and 2021/22, the Authority will receive its DSG funding based on the revised DfE National Funding Formula. In October 2021 the DfE published indicative allocations under the NFF at a school level using October 2020 census data.

This shows the funding level for each mainstream school based on the NFF using the 2022/23 Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) with October 2020 pupil numbers. This information is for planning purposes only as local formulae used by each local authority can still vary from the NFF within the guidance issued by the DfE. The initial DSG allocation to the Authority for 2022/23 will be published in December 2021 using the October 2021 census results.

2.3 The link to the school level NFF allocations using October 2021 census data information is shown below: -

<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2022-to-2023>

2.4 The DfE initially proposed a two-year transition period (2018/19 and 2019/20) where local authorities will continue to set a local formula to distribute funding to individual schools. However, in July 2018, as a result of the significant movement witnessed towards the NFF, the Government confirmed that these transitional arrangements would continue into at least 2020/21. In 2020, the DfE again confirmed that the transitional arrangements will continue into 2021/22. This has continued into 2022/23, with the earliest expected move to “hard” NFF being likely in 2023/24.

2.5 The Schools NFF for 2022/23 will continue to have the same factors as at present. The Government announced its intention to implement the formula to address historic underfunding and move to a system where funding is based on need. The key aspects of the formula for 2022/23 are:

- The minimum per pupil funding levels will be set at Primary £4,265, Key Stage 3 £5,321 and Key Stage 4 £5,831; and
- The funding floor will be set at 2.0% per pupil. This minimum increase in 2022/23 allocations will be based on the individual school’s LFF allocation in 2021/22.

In addition, two important restrictions will continue:

- Local authorities will continue to set a Minimum Funding Guarantee in the local formula, which in 2021/22 must be between +0.5% and +2%. This allows them to mirror the real terms protection in the NFF, which is the Government’s expectation; and
- Local authorities can only transfer up to 0.5% of their School Block to other blocks of the DSG, with their schools’ forum approval. To transfer more than this, or any amount without their schools’ forum approval, they will have to make a request to the Department for Education, even if the same amount was agreed in the past two years.

2.6 The North Tyneside illustrative allocation for the Schools block, Central Schools Services block and High Needs block in 2022/23 (using census 2020 i.e. static pupil numbers) is shown below with the 2017/18 to 2021/22 figures for comparison. The Early Years Block value for 2022/23 is based on 2021/22 rates and uses prior year pupil numbers, as the DfE have not published this information at time of writing.

Table 1: 2022/23 Illustrative allocation compared with prior year actuals

	2017/18 Baseline £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22* £m	Notional for 2022/23* £m	2021/22 to 2022/23 £m
Schools	115.395	116.594	120.926	126.794	137.231	140.047	2.816
Central School Services	2.500	2.314	2.343	2.051	1.877	1.727	(0.150)
High Needs	18.680	19.291	19.818	22.319	26.709	28.830	2.121
Early Years Block	12.064	12.553	12.514	12.771	13.946	13.946 ^T	0.000
TOTAL	148.639	150.752	155.601	163.935	179.763	184.550	4.787
Move from 17/18 Baseline £m	-	2.113	6.962	15.296	31.124	35.911	
Move from 17/18 Baseline %	-	1.42%	4.68%	10.29%	20.94%	24.16%	
Change per Year £m	-	2.113	4.849	8.334	15.828	4.787	
Change per Year %	-	1.42%	3.22%	5.36%	9.66%	2.66%	
PUF	-	£3,770	£3,860	£4,083	£4,425	£4,539	
SUF	-	£5,273	£5,305	£5,427	£5,841	£5,988	
MPPF: Primary	-	£3,300	£4,600	£3,750	£4,180	£4,265	
MPPF: Secondary	-	£4,600	£5,100	£5,000	£5,415	£5,525	

* Includes pay award grants previously separate to DSG

^T No information from DSG, so based on last year.

2.7 Within North Tyneside, modelling work is continuing based on the information currently available. At this stage, before initial allocations based on the October 2021 census are announced by the DfE, we are proposing to implement the revised minimum per pupil funding rates published by the DfE for 2022/23.

High Needs Block Update for 2021/22 Position and 2022/23 illustrative allocation

- 3.1 Schools Forum will recall as reported at the September 2021 meeting, the High Needs block outturn in 2020/21 was an overspend of £8.880m. Despite a budget increase of over £4.3m, this pressure has continued in 2021/22 with a forecasted in-year outturn variance of £3.761m at October and therefore a total cumulative overspend of just over £12.641m.
- 3.2 The pressures in North Tyneside are due to additional places required in special schools, increasing Out of Borough placements and in top up payments in mainstream schools, as outlined in Table 2 below.
- 3.3 North Tyneside is an outlier in terms of the number of Education Health and Care Plans currently in use. The most recent figures suggest that the Authority are around 1% above the national average in terms of whole population. This has a significant impact on all the services that work with our children and young people with additional needs. An informal discussion with the Education Skills and Funding Agency (ESFA) took place on 16 June where the Authority outlined its progress in relation to a recovery plan for high needs expenditure. These proposals have been shared with stakeholders including Schools Forum on 7 July. A High Needs Recovery Plan was submitted to the

ESFA by 13 August and the plan sought to address the High Needs deficit by 2025-26. The themes of the recovery plan link clearly to our SEND Inclusion Strategy and our Ambition for Education:

- Improved Graduated Approach to support more young people to have success in their local school;
- Review of Commissioned Services with a focus on maintaining young people in their local school;
- Annual reviews are focussed, timely and include ‘value for money’;
- The banding and mechanisms the Authority uses to fund schools are brought in line with our graduation aspirations;
- Use of capital funding to address issue around capacity;
- More effective place planning and projection is used to ensure that there are sufficient resources in place; and,
- Ensuring that the Authority are working with our partners and stakeholders.

Table 2: Forecasted High Needs Overspend as at October 2021

Provision	Budget	Forecast October	Variance	Comment	Prior Variance
	£m	£m	£m		£m
Special schools and PRU	15.519	17.601	2.082	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder	2.050
ARPs/Top ups	4.120	4.968	0.847	Pressures in pre 16 top ups e.g. Norham ARP	0.825
Out of Borough	2.890	3.662	0.771	Increased number of children placed outside North Tyneside Schools	0.736
Commissioned services	3.888	3.949	0.061		0.061
Subtotal	26.417	30.180	3.761		3.672
2020/21 b/f			8.880		8.880
Subtotal			12.641		12.552

3.4 Transfers have been made to the High Needs block from the Schools block in previous years. These transfers were consolidated into the High Needs block as part of rebasing exercises carried out in 2016/17 and 2017/18 by the DfE. There is currently no mechanism for transfers to be permanently consolidated into the High Needs block (as both blocks are on a formula basis with the historic element of the High Needs block referenced to a 2017/18 baseline).

3.5 The indicative value of the High Needs block in 2021/22 based on static rolls is as follows:

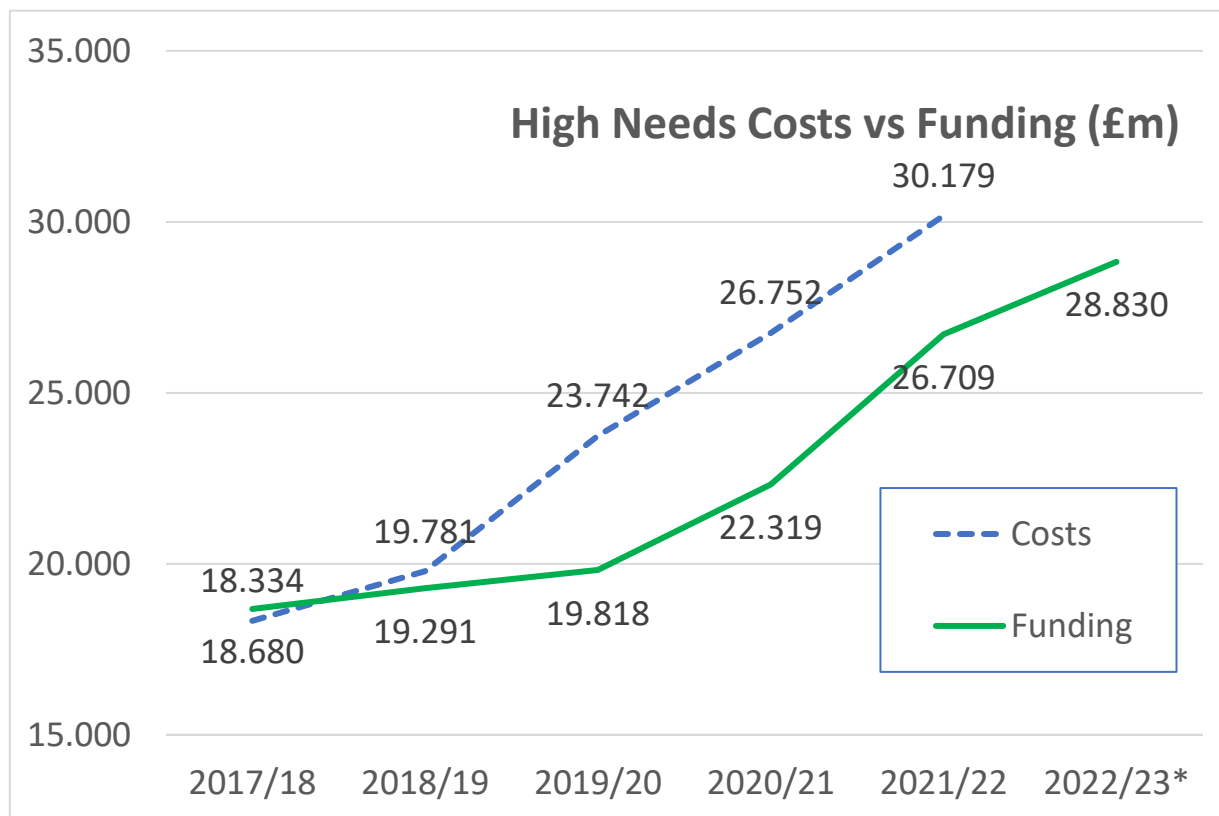
Table 3: Indicative High Needs Block Values 2022/23 compared to prior years DSG funding (excluding in year transfer)

	2017/18 Baseline	2018/19	2019/20	2020/21	2021/22	Notional for 2022/23*
	£m	£m	£m	£m	£m	£m
High Needs	18.680	19.291	19.818	22.319	26.709	28.830
Move from 17/18 Baseline £m	-	0.611	1.138	3.639	8.029	10.150
Move from 17/18 Baseline %	-	3.27%	6.09%	19.48%	42.98%	54.34%
Change per Year £m	-	0.611	0.527	2.501	4.390	2.121
Change per Year %	-	3.27%	2.73%	12.62%	19.67%	7.94%

* Indicative only

3.6 The funding increases since 2017/18 have been ahead of inflation but still lag behind the actual costs of High Needs over the same period, as can be seen in chart 1 below. To make more sense of this chart, it has to be pointed out that the costs per placement for EHCPs have not been increased for inflation in over 10 years. The increase in costs is purely down to volume increases.

Chart 1: High Needs Costs vs Funding 2017/18 to 2022/23



Early Years Block Update for 2020/21 Outturn Position and 2021/22 illustrative forecast

4.1 The Early Years block outturn for 2020/21 was a surplus of £0.341m. All provisions are forecast to be provided on budget for the year.

Update on 2021/22 Budget Monitoring for Schools

- 5.1 Forum will recall, as reported in July 2021, that the overall level of school balances at the end of March 2021 was £3.721m compared to £0.165m as at March 2020. This represented an increase in balances of £3.556m.
- 5.2 The first set of monitoring for the 2020/21 year has nearly been completed, with schools overall showing a £2.091m improvement against budget plans. However, a number of schools have had difficulty completing their monitoring statements due to issues with funding forecasts. The lack of clarity on SEN funding has been the main issue, also problems reporting funding through budget tools.
- 5.3 Two schools have moved out of deficit following allocation of Containment funding for costs in 2020/21, though at least one school is reporting new forecast deficits over £5,000 due to issues with SEN funding, which need to be investigated. In addition five more schools are forecasting at budget until their issues can be resolved. The summary of balances by phase is shown in Table 6 below.

Table 6: School balance position against plan (committed and uncommitted)

Phase	OUTTURN 2020/21 £m	BUDGET PLAN 2021/22 £m	MONITORING 1 2021/22 £m	IMPROVEMENT 2021/22 £m
Nursery	0.124	0.082	0.074	(0.008)
First	1.291	0.832	0.910	0.078
Primary	6.056	3.061	3.537	0.476
Middle	1.013	0.414	0.506	0.092
Secondary	(5.577)	(9.808)	(8.915)	0.893
Special/PRU	0.815	(0.574)	(0.014)	0.561
Total	3.721	(5.993)	(3.902)	2.091

- 5.4 The position of schools in deficit improved by £0.909m by the first set of monitoring compared with their budgeted outturns. It should be noted that Greenfields Primary have struggled to report on funding so the forecast is shown at budget, though their balances excluding funding were showing an improvement against budget.
- 5.5 Deficit review meetings have been held between the representatives of the Director of Resources (Janice Gillespie) and the Director of Services for Children and Adults (Jacqui Old) and the Heads and Chairs of Governors of schools under a deficit approval agreement.

Table 7: Position of Deficit Schools after Monitoring 1

Phase	OUTTURN 2020/21 £m	BUDGET PLAN 2021/22 £m	MONITORING 1 2021/22 £m	IMPROVEMENT 2021/22 £m
Greenfields Primary	(0.131)	(0.084)	(0.084)	0.000
Ivy Road Primary	(0.165)	(0.198)	(0.175)	0.022
Norham High	(3.064)	(3.969)	(3.819)	0.150
Longbenton High	(2.334)	(2.618)	(2.305)	0.312
Monkseaton High	(4.815)	(5.689)	(5.527)	0.162
Beacon Hill	(0.244)	(1.241)	(0.979)	0.262
TOTAL	(10.753)	(13.799)	(12.890)	0.909

Central Block Funding for 2022/23

6.1 The make-up of the Central School Services Block (CSSB) has changed from 2019/20, with further changes to be implemented in 2022/23. Funding is comprised of a historic commitments' allocation and a formula-based amount for ongoing functions. Table 4 shows the impact of the indicative funding for 2022/23, which reflects the DfE's plan to reduce funding of CSSB. The historic commitments element has been reduced by 20% per annum, in line with strategic DfE published plans over the last two years.

Table 4: Indicative allocations for North Tyneside CSSB 2022/23 compared to prior years DSG funding

	2019/20	2020/21	2021/22	2022/23	Annual Change	
	£m	£m	£m	£m	£m	%
Historical Commitments	1.555	1.244	0.995	0.796	(0.199)	(20.00%)
Ongoing Functions	0.788	0.807	0.882	0.931	0.049	5.56%
Total	2.343	2.051	1.877	1.727	(0.150)	(7.99%)
Change from 2017/18 Baseline £m	-	(0.292)	(0.466)	(0.616)		
Change from 2017/18 Baseline %	-	(12.46%)	(19.89%)	(26.29%)		
Change per Year £m	-	(0.292)	(0.174)	(0.150)		
Change per Year %	-	(12.46%)	(8.48%)	(7.99%)		

6.2 Forum will recall that the 2021/22 decrease in CSSB funding (£174k) was to be met by reducing funding on the following functions:

- High Borrans (£95k);
- De-commissioned School Buildings (£30k);

- School Support Service (£29k);
- Education Improvement Partnership (£20k)

To reduce the impact on the Council services, the drop in CSSB funding was replaced by Headroom funding in 2021/22. The remaining 2021/22 CSSB funding allocations are in table 5 below.

- 6.3 The 2022/23 indicative reduction in CSSB will need to be taken from the remaining functions funded by CSSB on behalf of schools. The relevant services will be reporting back to Forum in January 2022 to ratify these changes and to agree any services, including additional functions, to be funded by de-delegation.

Table 5: CSSB Funding Allocations by Function for 2022/23

Budgets which now form part of the CSSB	CSSB 2021/22 £
Budget to fund the Schools Support Service	556,256
Budget to support vulnerable schools.	52,044
Budget to maintain High Borrans Outdoor education facility	0
Budget for the Education Improvement Partnership (secondary schools)	80,318
Budget to support the informational requests of the Schools Forum and improved budgetary awareness across all schools	30,125
Collective contribution to ongoing pension costs incurred when allowing teachers to leave schools prematurely	624,951
Budget for costs associated with de-commissioned school buildings	0
Schools admission service	141,570
Former Education Services Grant (Retained)	243,572
National Copyright Licences	148,169
Total CSSB Funding	1,877,005

Recommendations

7.1 Schools Forum is asked to:

- Note the update on indicative allocations for each of the four DSG funding blocks;
- Note the reported positions on High Needs, Early Years Block funding;
- Continue to review the position of the High Needs block, considering the work to keep children in schools, the SEND Review and High Needs Recovery Plan which will consider value for money and the outcomes for children and young people and will implement change, where needed, following due process;
- Note the improvement in the budget monitoring position for schools following monitoring one; and
- Note the impact on funding Council services via CSSB from the decisions in 2021/22 and the expected additional impact in 2022/23.