
**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Dedicated Schools Grant 2021/22

Report of: Directorate Finance Lead – Children’s and Schools

Summary

This report provides the confirmed Dedicated Schools Grant (DSG) allocation announced by the Department for Education (DfE) on the 17th December 2020 and outlines the allocation of the budget across individual school budgets (ISB) and local authority (LA) retained schools budget (RSB).

Local authorities receive and manage the DSG within four blocks: schools, central school services, high needs and early years. A large proportion of it is paid directly to schools and other settings to provide for the majority of education services. A proportion of the DSG is provided for local authorities to deliver education services.

Recommendations

Schools Forum Members are asked to provide a view and comment on:

All Manchester schools should see a per pupil related increase in their individual school budget shares. In line with what has previously been agreed the Council recommends that this is best achieved under Model G where a larger proportion of the funding is funnelled out via core formula factors and protection under the minimum funding guarantee (MFG) as much as is affordable within the formula. Under this model, schools should receive between 2% minimum and up to 3% per pupil increase.

The growth fund allocation does not fully meet the additional demand for additional places and has led to £1.259m unfunded pressure in the schools block. The Council is going to contact the DfE and set out the funding pressures created by the current growth funding methodology.

Central services school block funding has reduced on a per pupil basis by 2.5% despite there being no reduction in functions councils are required to provide.

The high needs block has increased by £11.456m in 2021/22, this should enable the Council to manage some existing pressures and anticipated pressures next year but not fully cover the previous year shortfalls. It is proposed that the deficit is recovered over a three-year period.

Early year rates have increased by 8p and 6p per hour in the two and three & four year old offer. All of the 2 year old increase will be passed to schools and private, voluntary and independent providers. For 3 and 4 year olds, 4p of the 6p increase will go to providers. 2p of the increase will be held back to manage risk of funding from DfE not fully covering funding to be paid to early providers. Final notifications of the adjustment to funding of the two, three and four year old offer will be received in July 2021 and July 2022.

Contact Officers:

Name: Reena Vandhna Kohli
Position: Directorate Finance Lead
Telephone: 0161 234 4235
E-mail: reena.kohli@manchester.gov.uk

Name: Anne Summerfield
Position: Principal Finance Lead
Telephone: 0161 234 1463
E-mail: anne.summerfield@manchester.gov.uk

Name: Sam Russell
Position: Senior Finance Manager
Telephone: 0161 234 1464
E-mail: samuel.russell@manchester.gov.uk

Name: Nehal Ayub
Position: Senior Finance Manager
Telephone: 0161 234 1467
E-mail: nehal.ayub@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Supporting Reports:

21 September 2020	Schools Forum - School Funding Settlement 2021/22
16 November 2020	Schools Forum – De-delegation 2021/22
16 November 2020	Schools Forum – Dedicated Schools Grant Position
16 November 2020	Schools Forum – High Needs Block Recovery

1. INTRODUCTION

1.1 The Dedicated Schools Grant (DSG) for 2021/22 was received on 17 December 2020, this is a ring fenced grant of which the majority is used to fund:

- Individual schools' budgets in maintained schools and academies in Manchester.
- Early years nursery entitlement for two, three and four year olds in maintained school nursery classes, private, voluntary and independent (PVI) nurseries.
- Provision for pupils with high needs including those with Education Health & Care Plans (EHCPs) in special schools, special provision, mainstream schools and further education in Manchester and independent settings (commonly known as Out of City placements).

1.2 The DSG is split into four blocks: schools, central school services, early years and high needs. This report which for ease of reference is structured as follows:

Section 1	Introduction
Section 2	Outline of the 2021/22 DSG allocation at Local Authority (LA) level
Section 3	Distribution of grant across educational establishments and Council retained budgets.
Section 4	Recommendations and Conclusion

2. STAGE ONE: DEDICATED SCHOOLS GRANT (DSG) 2021/22

Manchester's DSG 2021/22 Settlement

2.1 The 2021/22 DSG notification received on the 17th December 2020 and totals **£602.626m**. Table one provides a breakdown of the grant across the DSG blocks and sets out why the grant changed between 2020/21 and 2021/22.

2.2 The overall increase in grant since last year is £42.477m, table one sets the movement since last year:

- **£20.236m** of the change is due to increases in the grant, £10.611m in the school block, £9.184m uplift in the high needs block. Part of this increase is due to the City having greater need, free school meals have increased by 4.2% since the start of the pandemic, which is given a heavier weighting in the formula. £0.524m of the increase relates to increase in hourly rates for Early Years and £83k reduction in central school services grant.
- **£19.498m** of the increase relates to the transfer of the Teachers' Pay Grant and Teachers' Pension Grants into the DSG.
- **£4.454m** of the increase in the grant relates to increases in pupil numbers (last financial year this was £11.528m).
- downward adjustment of **£1.711m** relating to growth funding allocation.

Table one: DSG settlement 2021/22 and 2020/21

BLOCK	Schools	Central School Services	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
2021/22	456.200	3.902	100.583	41.941	602.626
2020/21	425.944	3.661	89.127	41.417	560.149
Difference	30.256	0.241	11.456	0.524	42.477
As a result of:					
Change in Grant	10.611	-0.083	9.184	0.524	20.236
Transfer of TPG & TPECG	17.522	0.292	1.683	Tbc	19.498
Pupil No. increases	3.833	0.032	0.589		4.454
Growth Fund change	-1.711				-1.711
Difference	30.256	0.241	11.456	0.524	42.477

Schools Block

- 2.3 The Schools Block allocation of £456.200m has been calculated bottom up on the basis as if the national funding formula (NFF) was applied at school level, Appendix one sets out the NFF rates. Local authorities are permitted to use a local ('soft') formula to distribute the aggregated total between each school and academy as is the case in Manchester. The £456.200m will be allocated out to schools in individual budget shares or held for the growth fund.
- 2.4 The allocation has increased by £30.256m in 2021/22. The DfE has applied an average of a **3%** increase to all core factors of the NFF, except the IDACI deprivation factors which will be funded based on IDACI 2019 ranks from 2021/22 and have seen varied increases; and premises which remain funded at historic rates. Manchester's historic funding levels are above the NFF and because of this the Council funding is protected and has increased by £10.611m, which is 2.00% of the minimum increase that can be applied. The funding allocation provides a guaranteed unit of funding of **£4,945.87** per primary pupil and **£6,636.18** per secondary pupil.
- 2.5 The budget is based on 80,159 children aged 5-16, the allocation has increased by **£3.833m** to reflect growth in primary and secondary pupils between October 2019 and October 2020 of 724 (0.9%). In addition, £8.055m of the school block allocation is for premises and the growth fund.
- 2.6 Table two below shows the breakdown of the allocation across 80,159 pupils aged 5-16 and table three shows the comparison since 2019/20 in pupil numbers and funding factors. Table three illustrates the changes in pupil numbers, and Manchester's guaranteed unit of funding since 2019/20. Primary pupil numbers have fallen in 2021/22, while secondary numbers continue to grow. Mobility funding from 2020/21 is pupil led and is part of the MFG protection, while previously it was part of the school factor funding.

Table two: Schools Block Allocation

Schools Block	
Guaranteed Unit of Funding	
Primary	£4,945.87
Secondary	£6,636.18
Numbers on roll – 80,159	
Primary	49,579
Secondary	30,580
	£448,144,828
Growth Funding	£3,634,457
Premises	£4,421,098
Total	£456,200,383

Table three: Schools Block Funding 2019/20 – 2021/22

Schools Block	2019/20	2020/21	2021/22
Primary number on roll	49,334	49,960	49,579
Secondary number on roll	28,030	29,475	30,580
Total	77,364	79,435	80,159
Guaranteed Unit of Funding (£)	5,288	5,351	5,691
Primary	4,578	4,669	4,946
Secondary	6,084	6,209	6,636
Funding through the growth, premises, mobility – 2019/20 (£m)	12.67		
Funding through the growth and premises – from 2021/22 (£m)		9.625	8.056
Block Total (£m)	409.073	425.944	456.200

- 2.7 The growth fund allocation has reduced significantly in 2021/22, owing to a reduction in the levels of pupil growth between the October 2019 and October 2020 censuses. The 2021/22 growth fund allocation of £3.634m is £1.711m less than the 2020/21 allocation and impacts Manchester’s ability to fund growing schools in the City.

Central School Services Block (CSSB)

- 2.8 The CSSB allocation is £3.902m and supports the LA’s role in education. It comprises two elements:
- ‘On-going Responsibilities’ - funding for this is determined by number of pupils and deprivation.
 - ‘Historic Commitments’ (previously known as Combined Services) - funding for this is based on past actual costs.
- 2.9 ‘Ongoing Responsibilities’ funds: Admissions, copyright licenses, servicing of Schools Forum and duties local authorities have for both maintained schools and academies.
- 2.10 The per pupil amount for ‘On-going Responsibilities’ has reduced by 2.5% which equates to per pupil reduction of £1.04 to £40.54 per pupil, prior to the inclusion of the TPG and TPECG allocation to the per pupil rate, as illustrated on table four below. The impact of the reduction in the rate per pupil has been partly mitigated by an increase in

Manchester's pupil numbers, resulting in an overall net reduction of £51k (prior to the inclusion of the TPG and TPECG)

- 2.11 The DfE have indicated that the 2.5% per pupil downward adjustment on the 'On-going Responsibilities' will continue for approximately another six years, to bring in-line with NFF. Manchester received protection this year of £4.50 per pupil, which equates to £361k. Although Manchester's projected pupil numbers growth will partly offset the impact of reduced per pupil amount, this has started to become a budget pressure.
- 2.12 'Historic Commitments' are time-limited and expected to reduce over a time period. A previous DfE decision to reduce historic commitments by 20% from 2020/21, this has been reversed again for Manchester in 2021/22 following the Council evidencing the on-going commitment for unsupported borrowing against a school's capital scheme of £358k per year. The scheme runs until 2032/33.

Table four: Central Schools Service Block (CSSB)

CSSB	2020/21	2021/22	Difference
Historic Commitments	£358,000	£358,000	0
On-going responsibilities:			
Unit of funding	£41.58	£40.54	-£1.04
Transfer TPG & TPECG	£0.00	£3.67	£3.67
Total Unit of funding	£41.58	£44.21	£2.63
Oct 20 census number on roll	79,435	80,159	724
Total On-going responsibilities:	£3,302,907	£3,543,829	£240,922
CSSB Total	£3,660,907	£3,901,829	£240,922

High Needs Block (HNB)

- 2.13 The HNB allocation is **£100.584m** and provides increased funding for children and young people with special educational needs and disability from early years to age 25. The DfE has allocated an additional £0.8bn to the high needs block nationally. Manchester's additional high needs block grant is **£11.456m** (includes £1.683m for the transfer of the TPG and TPECG), an increase of 12.85% compared to 2020/21.
- 2.14 This block of funding is for those pupils or students who require provision that would not normally be available within the delegated resources of a mainstream school. It is also for pupils who would require additional targeted resources in order to meet their needs in a mainstream setting or placement in a specialist setting, such as a SEN resource unit or a special school. It enables both councils and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality alternative provision (AP) for pre-16 pupils who cannot receive education in schools and further education placements where pupils remain in education up to 25 years.
- 2.15 The high needs block funding formula considers a number of weighted factors that combine to create the block allocation. Previously it was based on historical allocations plus small annual amounts of growth. This is the second year of the three-year schools funding settlement announced in September 2019, the HNB has received significantly increased grant allocations to support the recognised growing SEND pressures. Table five sets out the high needs block grant allocation 2020/21 and 2021/22.

Table five: High Needs Block (HNB)

High Needs Block	Based on:	2020/21 £m	2021/22 £m
Basic entitlement	£4,033.44 per special school pupil	7.074	7.664
TPG and TPECG Allocation	£665.52 per special school pupil	0	1.683
Formulaic elements	Population, FSM, IDACI, Bad Health, Prior Attainment, Hospital Education, Historic Allocations	81.882	91.066
Import/Export Adjustment	Movement of pupils in/out the authority	-0.519	-0.519
Additional Special Free School		0.690	0.690
Total		89.127	100.584

2.16 In 2021/22 the HNB will be finalised once the following two adjustments are taken into consideration in the new calendar year:

- Confirmation of the adjustment for the 'import and export' for pupils that attend a school in a different local authority than where they are resident.
- Free Special School funding adjustment - the DfE provide additional place funding for new and growing schools opened through the special school free school route. Prospect House a new special free school opened in the Academic Year 2020/21.

2.17 The 'import and export' adjustment is made following confirmation of January 2021 census data and Individualised Learner Record (ILR) R06 February return. This relies on schools and colleges with pupils who reside in another local authority area making sure that where applicable the 'top-up flag' is selected for Manchester to receive the grant to meet pupil needs.

Early Years

2.18 The early years block funding is £41.941m and is provisional, this reflects the 2021/22 early years national funding formula (EYNFF) rates for all councils published in December 2020. Both the two year old rate and the three and four year old rate for Manchester have increased in 2021/22, by **8p** and **6p** per hour respectively. This is an increase of 1.21% for three and four year olds and 1.49% for two year olds.

2.19 The block allocations are not yet finalised and will ultimately be adjusted on take-up of the early years offer at January census 2021 and 2022, adjustments to the block are expected July 2021 and 2022. A summary of the initial block allocation is provided in table six below.

2.20 TPG and TPECG funding will continue to be paid to maintained nursery schools as separate grants in 2021/22. Allocations will be published by DfE in Spring 2021.

2.21 The allocations for the maintained nursery schools supplementary fund have only been

confirmed for the Summer 2021 term. Allocations for Autumn 2021 and Spring 2022 terms remain conditional and will be confirmed by the DfE at a later point.

Table six: Early Years Block

Early Years Block	2021/22
3 and 4-year-old: Initial 15 hours for 38 weeks	
Guaranteed Unit of Funding (hourly rate)	£5.01
Number on roll	9,236
Sub-total (£m)	£26.375
3 and 4-year-old: Working parents offer 15 hours for 38 weeks	
Guaranteed Unit of Funding (hourly rate)	£5.01
Est. of eligible children	2,326
Sub-total (£m)	£6.643
2-Year-Old Offer: 15 hrs for 38 weeks aged 2	
Guaranteed Unit of Funding (hourly rate)	£5.46
Number on roll	2,475
Sub-total (£m)	£7.702
Early Years Pupil Premium (£m)	£0.738
Disability Assess Fund (£m)	£0.172
Maintained nursery school supplementary funding (£m)	£0.311
Total (£m)	£41.941

3. STAGE TWO – DSG ALLOCATION ACROSS SCHOOLS, PROVIDERS AND CENTRALLY RETAINED

Schools Block

- 3.1 The schools block funds individual mainstream schools' budgets. Funding is currently based on a local funding formula. This formula applies to all primary and secondary schools and academies. It applies to schools regardless of whether they remain with the local authority or convert to an academy during the year. When calculating the school funding formula, local authorities are required to comply with strict national guidelines within the current year's Operational Guidance for Pre-16 Schools Funding on GOV.UK.
- 3.2 The Funding Settlement for 2021/22 announced increases in school funding and this section of the report sets out how the Council intends to passport this to schools, by increasing funding for pupils, pupil characteristics, and protection under the minimum funding guarantee (MFG) as much as is affordable within the formula.
- 3.3 The allocation of the increase in the DSG to schools aims to maximise pupil led funding and stability for all schools. The DfE has confirmed its intention to roll out a hard national funding formula (NFF) for all schools with a consultation due imminently, but a local funding formula (LFF) will continue to be applied for 2021/22. Seven models have been developed in order to determine the best allocation of the DSG funding under the LFF in 2021/22. This exercise has been narrowed to two models, which are outlined below in Table seven.

Table seven. 2021/22 DSG Models

	Model C	Model G
LFF Increase*	2.00%	3.00%
Lump sum	£155,000	£155,000
MFG	2.00%	2.00%
Capping	2.50%	3.00%
Headroom	£578,000	-

*The basic entitlement rates have also been uplifted by the TPG and TPECG supplements, of £180 and £265 for primary and secondary phases respectively.

- 3.4 Schools receive the higher of the local funding formula or the minimum funding guarantee, which is a per pupil funding protection. The Council and Schools Forum agreed last year that funding increases would be directed to increases in the basic age weighted per pupil unit value and specific pupil characteristics unit values with protection under the per pupil minimum funding guarantee being prioritised much as was affordable within the settlement.
- 3.5 **Local Funding Formula (LFF)** – pupil led factors have been increased by 2% and 3% under Models C and G respectively. This includes increases to factors including basic entitlement, deprivation (IDACI and FSM Ever 6), mobility, EAL, and low prior-attainment (LPA). In addition to this percentage increase, the **basic entitlement** factors have also increased by the fixed sums of £180 per head for primary pupils, and £265 per head for KS3 and KS4 pupils, reflecting the added supplement following the Teachers’ Pay Grant (TPG) and Teachers’ Pension Grant (TPECG) being rolled into core schools block funding. See Appendix one for a detailed list of the proposed 2021/22 LFF rates under each model.
- 3.6 The Council will continue to set the **lump sum** at £155k per school, which remains £37,200 higher than the lump sum under the NFF in 2021/22. Rates, premises and exceptional costs have been uplifted in line with the allocations from the DfE.
- 3.7 **Minimum Funding Guarantee (MFG)**: The DfE have outlined that the allowable per pupil protection compared to the 2020/21 budgets must range between **0.5% to 2%**. This protection is designed to ensure a degree of funding stability to schools. In the last few years, most of Manchester schools have been funded on the MFG rather than the LFF as this ensures all schools see the benefit of the funding increase, in preparation for the hard national funding formula.
- 3.8 Both models being proposed by the Council seek to set the **MFG protection** at the highest allowable level of 2% per pupil. This mirrors the 2% protection that would have been applied under the NFF. Last year’s MFG protection totalled £9.15m (136 schools), and in order to ensure that pupil related funding increases by at least 2% in 2021/22, an extra £11.95m (Model C) or £8.92m (Model G) will be added onto the formula funding. However, under Model G, due to the 3% uplift to local formula factors, the number of schools requiring MFG protection (125 schools) is lower than the 136 schools in 2020/21.
- 3.9 **Gains Cap** - In order to afford the MFG protection, the Council is proposing to set a gains cap under the LFF of 2.5% or 3%, under Models C and G respectively. A gains cap would ensure that all schools in Manchester see at least a 2% increase and a

maximum increase of either 2.5% or 3% per pupil before adjusting for pupil numbers and premises related factors. Capping may only be applied to the extent that it offsets the cost of the MFG and it must be applied on the same basis to all schools. New and growing schools' pupil related increases may be higher as the cap is not applied, as per DfE requirements. See Tables eight and nine for the impact of capping under Models C and G.

Table eight: Number of schools under MFG and Capping

	Model C	Model G
	No. of schools	No. of schools
LFF (no MFG or cap)	10	24
MFG	144	125
Gains cap	13	18
Total	167	167

Table nine: LFF, MFG, and Gains Cap Funding

	Model C	Model G
	£m	£m
LFF (no MFG or cap)	443.36	447.17
MFG	11.95	8.92
Gains cap	-0.79	-1.00
Total	454.52	455.08

- 3.10 Under both models, most schools would see at least a 2% increase in their pupil led funding. Model C limits the maximum gain to 2.5% per pupil, whereas in Model G some schools would see up to a 3% increase in their pupil led funding. 14 more schools would see more than a 2% increase in Model G and 5 more schools would have their gains capped at 3% compared to Model C.
- 3.11 **Headroom:** refers to the difference between amount available and the amount calculated under the funding model. Model C provides a headroom of £0.578m, whilst Model G has no headroom. In the instance that Model C is adopted, the headroom would be applied to alleviate growth fund pressures as outlined in paragraphs 3.13 and 3.14.
- 3.12 Schools are continuing to face significant uncertainty and financial challenges due to the impact of the pandemic with the loss of school income and additional costs incurred as not all the additional costs incurred are covered by the exceptional costs scheme. Given this the Council recommends that this is best achieved under Model G where a larger proportion of the funding is funnelled out via core formula factors and protection under the minimum funding guarantee (MFG) as much as is affordable within the formula. The Council therefore seeks Forum approval for the implementation of **Model G** (3% factor uplift) for the distribution of DSG funding in 2021/22.
- 3.13 **Growth Fund** – The growth fund has been created by the Council to support schools which are required to provide extra places to meet basic need, including pre-opening and reorganisation costs. The Council's 2021/22 growth fund budget allocation is £3.634m, a reduction of £1.711m to the 2020/21 growth allocation. The Council intends to budget for 1,080 places in new and growing schools through the schools funding formula, which is estimated to cost £3.793m and already represents an 'overspend' of

£159k on Manchester's 2021/22 growth fund budget of £3.634m. In addition to this, a further sum of money is required to be retained centrally to fund explicit growth for in-year expansions. This is expected to fund at least 90 primary and 230 secondary places and has been budgeted at £1.1m. Table nine summarises growth pressures for 2021/22.

- 3.14 Manchester's growth fund allocation has dropped significantly for 2021/22 despite ongoing growth commitments. The reduction in the growth allocation is a result of slowed down pupil growth between October 2019 and October 2020 censuses. It is expected that the budgetary pressures for growth in the schools block should stabilise from 2022/23 onwards as actual pupil growth starts to fall in line with the funding allocations and several historic commitments come to the end of their cycles. However, it remains a concern for 2021/22 where the allocated funding is falling significantly short of the funding required to meet growth needs in the city.

Table nine: Growth Fund Pressures 2021/22

Growth Fund	£m
2021/22 Allocation	3.634
Implicit Growth (new and growing)	-3.793
Explicit Growth (in-year expansions)	-1.100
Funding required in excess of allocation	-1.259

- 3.15 **Reception uplift** - The proposed LFF for 2021/22 also includes funding for 99 pupils picked up under the reception uplift mechanism. In order to ensure that no school loses out in respect of deferred entry to reception arising from the use of the October census count, the Council has chosen to apply an uplift, which represents the difference in the number of reception pupils between the October school census and the following January school census. The NFF does not provide funding to the Council for reception uplift and this is therefore an additional feature funded by the Council for schools.
- 3.16 Forum is asked to note and comment on the pressures on this part of the grant. The Council is going to write to the DfE and set out the funding pressures created by the growth funding methodology.

Central School Services Block

- 3.17 This block provides funding for councils to carry out central functions on behalf of pupils in state-funded maintained schools and academies. The block is split into funding for historic commitments and funding for LA school responsibilities, such as Admissions.
- 3.18 The DfE has introduced NFF for on-going responsibilities. At a national level the funding formula equates to on average £34.58 per pupil aged 5-16. Manchester will receive £40.54 per pupil in 2021/22, if the 2.5% per pupil reduction continues year-on-year it is estimated that it will take six years to transition to the lower NFF rate for this part of DSG. The Council will need to develop plans to transition to the lower funding levels in the next financial year.

High Needs Block

- 3.19 The £11.456m increase in the high needs block funding should mostly meet the current and future increase in demands from additional special school places and increases in number of education, health and care plans. £1.683m of the HNB increase has been allocated for the TPG and TPECG which has been transferred into the DfE national funding formula in financial year 2021/22 rather than paid as a separate grant.
- 3.20 **Special schools, Resource Units and EHCPs £6.076m** - The school population in Manchester has increased significantly since 2008. This has led to an increased demand for school places across Manchester including places offering specialist provision. Currently, 2.2% of the school population attend specialist provision either within a special school or resource provision within a mainstream setting. Expected growth planned for 2021/22 is 151 special school places, 9 resource unit places, 12 alternative provision placements and 399 EHCPs.
- 3.21 **TPG AND TPECG £1.683m increase** - This funding covers the cost of the increase in the employer contribution rate of the Teachers' Pension Scheme (TPS) from 16.4% to 23.6%, from September 2019.
- 3.22 **Post-16 with High Needs £0.956m increase** - For funding purposes, a high needs student is defined as a young person aged 16-18 who requires additional support costing over £6,000; and any young person aged 19-25 subject to an EHCP that requires additional support costing over £6,000. Post-16 pressures mainly relate to the growth in learner numbers, additional responsibilities for high needs post 19 year olds that came into force September 2013, and increased complexity of need. In 2020/21 (year to date) Manchester's post-16 learners total 464, it is expected that there will be 61 additional post-16 learners with high needs next year.
- 3.23 **Out of City Placements £1.281m increase** – Expected growth of 30 pupils placed in independent specialist provisions 2021/22. It is anticipated that demand for out of city school placements will reduce when compared to 2020/21 due to significant expansions expected in Manchester special schools.
- 3.24 **High Needs Central Services (£40k)** – The Council has completed a full a review of the HNB during financial year 2020/21 highlighting efficiency savings going forward into FY 2021/22. The following budget saving arose due to ending certain SLAs.
- 3.25 **DSG deficit recovery £1.500m** - Manchester's HNB is projected to overspend by £1.661m 2020/21, giving an expected DSG overspend of £4.520m. The additional £11.456m will fund existing shortfalls and expected growth in both special schools and EHCPs in 2021/22 but not fully cover the 2020/21 shortfalls. It is proposed that the deficit is recovered over a three-year period.

Table ten: High Needs Block growth 2021/22

	2021/22 £m
Additional HNB Allocation	11.456
Growth: Current and Future	
Mainstream EHCPs, Special School places, Resource units, Education, Health and Care Plans	6.076
Teachers pay and pension grants	1.683
Post 16 Places	0.956
Out of City Places	1.281
Central Services	-0.040
TOTAL: Growth	9.956
Recovery Balance (year 1 of 3)	1.500
Balance	0

Early Years

- 3.26 £40.372m of the early years block is allocated to early years providers for the two and three and four year olds entitlements, early years pupil premium, disability access fund and maintained nursery school supplementary fund. £1.569m is retained by the Council for the teams that support and administer the early year offers and the early years outreach service based at Rodney House.
- 3.27 As stated earlier in the report, the provisional early years block for 2021/22 was announced by the DfE in December 2020 and reflects increases in the hourly rates funding of 8p per hour for the 2 year old offer and 6p per hour for the 3 and 4 year old offer.
- 3.28 **Two Year Old Offer** – Funding has increased by **8p per hour**. The Council seeks to pass all of this increase to providers.
- Council now funded at £5.46 per hour.
 - Providers funded at £5.35 per hour to providers
 - Council retains £0.11 per hour
- 3.29 **Three and Four Year Old Offers** - Funding to the Council has increased by 6p per hour. Funding to providers is based on fixed base hourly rate and an additional amount targeted towards children that come from deprived families. The deprivation payment is made to settings in relation to individual children who live in postcode areas of high deprivation. It is proposed that the hourly base funding rate to providers is increased by **4p per hour**. Whereby the:
- Council would be funded at a rate of £5.01 per hour
 - Providers funded at £4.75 on average per hour (with £4.48 proposed in the base

rate and an average deprivation supplement of £0.27)

- £0.26 per hour is retained by the Council.

- 3.30 Manchester retains 4% of the early years allocations to support early years education and has chosen to retain less than the 5% maximum councils can retain.
- 3.31 The Council is funded on the level of take-up of the offer as recorded on January censuses. The Council uses this part of the grant to fund early years providers based on take-up May, October and January census points. Due to the impact of the pandemic on take-up of the free entitlement offers, there is a significant risk that the level of grant to the Council will be less than what the Council passes onto to providers over 2021/22. The DfE have recently confirmed that a top-up will be provided where January 2021 census attendance is below 85% of their January 2020 census levels, and where that authority can provide evidence for increased attendance during the spring 2021 term. However, the top-up would only fund the additional places taken-up after the January 2021 census week count and the total allocation for spring term will be limited to a cap equivalent to 85% of their January 2020 census. It is proposed that part of the retained early years budget is earmarked to manage the risk of Manchester being funded less than what is paid out to providers based on take-up in May, October and January.
- 3.32 **Maintained nurseries (MNS) lump sum** – As mentioned in paragraph 2.21, the MNS lump sum has only been confirmed for Summer 2021 term. The allocations for Autumn 2021 and Spring 2022 terms remain conditional until confirmation is received from the DfE.
- 3.33 **The Rodney House Outreach Service (RHOSEY)** - team support settings through outreach support and training. Due to increasing levels of need within our early years sector, additional pressures are being placed on the RHOSEY service. In order to mitigate these pressures and increase the training capacity for early years practitioners, the Council is proposing to earmark an extra £40k for retention within the early years block. This will be used to support training of a further 40 early years practitioners to level 3 in SEND annually, and to allow the RHOSEY service to recruit additional SEN early years outreach workers. It is proposed that the required additional £40k be moved from the SENIF budget to the retained RHOSEY purpose to achieve this purpose. Schools Forum is asked to provide a view on this transfer to the early years retained budget.

4. Conclusions and recommendations

- 4.1 DSG arrangements for 2021/22 are the same as the current year with the grant continuing to be allocated in four blocks based on national formulae.
- 4.2 Table eleven below sets out the grant breakdown of DSG blocks. The table provides a summary of the split between individual school budgets and those budgets retained centrally by the authority across each of the blocks in 2020/21 and 2021/22. Schools Forum made several decisions on the amount of DSG to be centrally retained by the Council in 2021/22 for specified purposes at the November 2020 meeting.

Table eleven – DSG individual school budgets and retained school budgets

	Schools	Central School Services Block	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
Retained School Budgets	2.392	3.661	30.188	1.262	37.503
Individual School Budgets	423.552	0	58.939	40.155	522.646
DSG 2020/21	425.944	3.661	89.127	41.417	560.149
Retained School Budgets	1.100	3.902	33.884	1.569	40.455
Individual School Budgets	455.100	0	66.699	40.372	562.171
DSG 2021/22	456.200	3.902	100.583	41.941	602.626

Schools Forum Members are asked to provide a view and comment on:

- 4.3 All Manchester schools should see a per pupil related increase in their individual school budget shares. In line with what has previously been agreed the Council recommends that this is best achieved under Model G where a larger proportion of the funding is funnelled out via core formula factors and protection under the minimum funding guarantee (MFG) as much as is affordable within the formula. Under this model schools should receive between 2% minimum and up to 3% per pupil increase.
- 4.4 The growth fund allocation does not fully meet the additional demand for additional places and has led to £1.259m unfunded pressure in the schools block. The Council is going to contact the DfE and set out the funding pressures created by the current growth funding methodology.
- 4.5 Central services school block funding has reduced on a per pupil basis by 2.5% despite there being no reduction in functions councils are required to provide.
- 4.6 The high needs block has increased by £11.456m in 2021/22, this should enable the Council to manage some existing pressures and anticipated pressures next year but not fully cover the previous year shortfalls. It is proposed that the deficit is recovered over a three-year period.
- 4.7 Early year rates have increased by 8p and 6p per hour in the two and three & four year old offer. All of the 2 year old increase will be passed to schools and private, voluntary and independent providers. For 3 and 4 year olds, 4p of the 6p increase will go to providers. 2p of the increase will be held back to manage risk of funding from DfE not fully covering funding to be paid to early providers. Final notifications of the adjustment to funding of the two, three and four year old offer will be received in July 2021 and July 2022.

Appendix one: Local Formula Factor Values

		Manchester	National Funding Formula	Manchester Model C 2% uplift	Manchester Model G 3% uplift
		2020/21	2021/22	2021/22	2021/22
Per Pupil Factors		£	£	£	£
Basic Entitlement	Primary	3,209	3,123	3,453	3,486
	KS3	4,248	4,404	4,598	4,641
	KS4	4,881	4,963	5,243	5,292
FSM	Primary		460		
	Secondary		460		
FSM Ever 6	Primary	507	575	517	522
	Secondary	487	840	496	501
IDACI Primary	Band A	586	620	598	604
	Band B	502	475	512	517
	Band C	447	445	456	461
	Band D	394	410	402	406
	Band E	363	260	370	374
	Band F	304	215	311	314
IDACI Secondary	Band A	513	865	524	529
	Band B	452	680	461	465
	Band C	386	630	393	397
	Band D	242	580	247	249
	Band E	205	415	209	211
	Band F	146	310	149	150
EAL	Primary	391	550	399	403
	Secondary	2,123	1,485	2,166	2,187
Mobility	Primary	538	900	549	555
	Secondary	1,535	1,290	1,566	1,581
Prior Attainment	Primary	673	1,095	686	693
	Secondary	2,881	1,660	2,939	2,968
Minimum Funding Level	Primary		4,180		
	Secondary		5,415		
School-led factors		£	£	£	£
Lump Sum	Pri & Sec	155,000	117,800	155,000	155,000
Funding Floor (per pupil)	Pri & Sec		2.00%		

Appendix two: Early Years Rates

2 Year olds

Current Formula	Applies to	2020/21 (hourly rate) £	2021/22 (hourly rate) £
Base Rate	All providers	5.27	5.35

3 and 4 Year olds

Current Formula	Applies to	2020/21 (hourly rate) £	2021/22 (hourly rate) £
Base Rate	All providers	4.44	4.48
Deprivation supplement*	All providers	0.00 - 0.45	0.00 - 0.45

Deprivation Supplement	
Post code of Child	Hourly Rate (£)
Top 6% most deprived	0.45
7% - 15% most deprived	0.31
16% - 30% most deprived	0.21
31% - 50% most deprived	0.11
51% and above	0

*Average Deprivation supplement of £0.27p per hour, no change from 2020/21.

Appendix three: Places - Special Schools

	Institution Category	Total Pre-16 Places	Total 16-18 Places	Full Year Expansions	Sept 21 Agreed Expansions	Total High Needs Places
SPECIAL SCHOOLS						
Ashgate Specialist Support School	Maintained Special	140	-	7	-	140
Bridgelea PRU	PRU	80	-	6	-	80
Camberwell Park	Maintained Special	146	-	-	-	146
Grange School	Maintained Special	203	15	20	-	218
Lancasterian School	Maintained Special	147	-	11	-	147
Manchester Hospital Schools	Maintained Special	60	10	-	-	70
Manchester KS3 & 4 PRU	PRU	418	-	-	-	418
Meade Hill	Maintained Special	53	-	-	-	53
Melland High	Academy – Special	123	60	14	-	183
North Ridge High	Maintained Special	135	54	5	-	189
Piper Hill High	Academy – Special	156	64	26	-	220
Pioneer House	Academy – Special	94	23	12	-	117
Prospect House	Academy – Special	25	-	25	-	25
Rodney House	Maintained Special School	62	-	-	-	62
Southern Cross	Maintained Special	61	-	-	-	61
Castlefield Campus	Maintained Special	117	-	8	-	117
The Birches	Maintained Special	155	-	1	-	155
Anticipated Additional Increases					151	151
TOTAL SPECIAL SCHOOLS		2,175	226	135	151	2,552

Appendix four: Places - Resource Units in Mainstream Schools

	Institution Category	Total Pre-16 Places	Total 16-18 Places	Total 19+ School Places	Sept 21 Agreed Expansions	Total Places
Alma Park	Maintained	12	-	-	-	12
Barlow Hall Primary	Academy	7	-	-	-	7
Abraham Moss	Maintained	12	-	-	-	12
Bowker Vale Primary	Maintained	7	-	-	-	7
Broad Oak Primary	Maintained	7	-	-	-	7
Manchester Academy	Academy	15	-	-	2	17
Newall Green High School (Closed)	Academy	0	-	-	-	0
Pike Fold Primary School	Maintained	7	-	-	-	7
Plymouth Grove Primary	Maintained	-	-	-	-	-
Rack House Primary School	Maintained	7	-	-	-	7
St James' CofE Primary School Gorton	Academy	7	-	-	-	7
St Pauls RC High	Academy	12	-	-	-	12
St Peter's RC High	Maintained	12	-	-	-	12
St Willibrord's RC Primary	Maintained	7	-	-	-	7
Webster Primary School	Academy	7	-	-	1	8
William Hulme Grammar	Academy	12	-	-	-	12
Ashbury Meadow Primary	Maintained	8	-	-	6	14
TOTAL RESOURCE UNITS IN MAINSTREAM SCHOOLS		139	-	-	9	148

Appendix five: Post-16 Providers

	Institution Category	Total 16-18 Places	Total 19+ Post School Places	Sept 21 Agreed Expansions	Total Places
Loreto College	Further Education Provider	40	20	-	60
The Manchester College	Further Education Provider	159	74	38	271
Xaverian College	Further Education Provider	13	-	-	13
Manchester Adult Education Services	Further Education Provider	8	39	-	47
Project Inc.	Special Post-16 Institutions	-	-	10	10
TOTAL POST-16 PROVIDERS		220	133	48	401

Note: The table relates to agreed commissioned places, based on place change notification.

Appendix six: Special School Place and Top up Values

Category	Need	Details	Values £
Elements 1 and 2 place funding	Pre and post 16	Funding for all LA commissioned places	10,000
Element 3 top up Banding (using Matching Provision to Need Tool Descriptions)	S1	An independent learner within a specialist setting.	7,300
	S2	A structured learner within a specialist setting.	8,200
	S3	A supported learner within a specialist setting.	9,300
	S4	Highly severe, complex or exceptional needs. Approach to meeting individual needs is required. Consideration may be given to accessing partnership funding.	11,000
	S5	Pupils with the most complex/exceptional needs and previously moderated accessing Partnership funding.	15,000