

Manchester City Council

Report for Resolution

Report to: [Schools Forum](#)

Subject: Schools Funding Settlement 2022/23

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

Summary

Included in this report is a summary of the recently announced provisional school funding settlement for 2022/23, it outlines the potential impact on Manchester. The settlement includes funding for pupil growth, inflation, and high needs funding.

Recommendations

School Forum members are asked to note and comment on:

- School funding settlement headlines.
- Potential impact on the Manchester. Local authorities have not yet received the confirmed settlement, and at this stage the estimates of grant increases are based on interpretation of recent announcements.

Contact Officers:

Name: Reena Kohli

Position: Directorate Lead Children and Families Finance

Telephone: 0161 234 4235

E-mail: reena.kohli@manchester.gov.uk

Name: Anne Summerfield

Position: Principal Finance Lead - Schools

Telephone: 0161 234 1463

E-mail: anne.summerfield@manchester.gov.uk

Name: Nehal Ayub

Position: Senior Finance Manager - Schools

Telephone: 0161 234 1467

E-mail: nehal.ayub@manchester.gov.uk

Name: Samuel Russell

Position: Senior Finance Manager - Schools

Telephone: 0161 234 1464

E-mail: samuel.russell@manchester.gov.uk

Name: Jamie Styman
Position: Finance Manager Trainee - Schools
Telephone: 0161 234 4791
E-mail: jamie.styman@manchester.gov.uk

Background documents (available for public inspection):

.None

1. INTRODUCTION

- 1.1 In mid-July 2021 the Department of Education (DfE) announced the provisional School Funding Settlement 2022/3. The allocations are notional. This report outlines the key headlines and potential impact of the provisional settlement for Manchester.

2. SCHOOL FUNDING SETTLEMENT (ENGLAND)

- 2.1 In mid-July 2021 the DfE announced the provisional School Funding Settlement 2022/23. The allocations are notional. True settlement figures are expected December this year, using pupil number data from the October 2021 census. Current allocation and estimated allocation based on recent announcements are provided in the table below.

Block	Schools	Central Schools Services	High Needs	Early Years
	£m			
2021/22	456.200	3.902	100.974	41.941
2022/23 (est)*	465.986	3.813	109.329	41.191
Difference	9.786	(0.089)	8.355	0

*assuming schools block growth fund does not change in 2022/23.

National key headlines - Schools Block 2022/23

- Increasing by 3.2% overall, and by 2.8% per pupil, compared with 2021/22, with the funding floor allocating at least 2% more in pupil-led funding per pupil.
- 2% increase in minimum per pupil funding levels directing further increases to the lowest funded schools.
- LAs will continue to set local funding formulae, DfE are setting no new requirements on LA formulae for 2022/23.

National key headlines: Central Schools Services Block (CSSB)

- At a national level there will increase to £284m for the ongoing responsibilities that local authorities continue to have for all schools – a 2% per-pupil increase nationally.
- LAs will continue to be protected against losses of more than 2.5% in per-pupil funding for ongoing responsibilities.
- DfE will also continue to protect any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the long lead-in times required for such costs to unwind.

National key headlines - High Needs Block (HNB)

- High needs funding is increasing by £780m, or 9.6%, in 2022 to 2023.
- This brings the total high needs budget to £8.9bn.

- In 2022/23 high needs NFF will continue to ensure that every local authority receives at least an 8% increase per head of population. The gains cap is set at 11% for 2022/23.
- DfE have made a technical change to the historic spend factor within the high needs national funding formula, following the consultation earlier this year. The factor has been updated to use 50% of local authorities' actual spend data in 2017 to 2018 rather than their planned spend

National key headlines - Early Years Block (EYB)

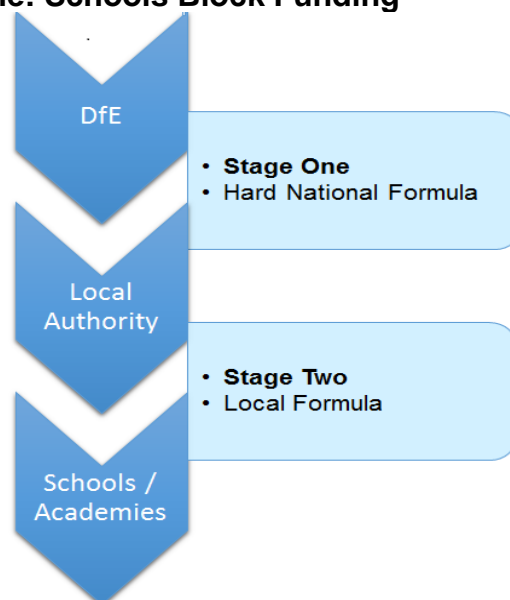
- Early Years provisional settlement was not included in the recent announcement.
- Manchester will receive the minimum per pupil increase of 2%, before taking account of changes in population this amounts to £9.7866m RPI higher ...

3. POTENTIAL IMPACT FOR MANCHESTER

Primary and Secondary Schools Core Funding

- 3.1 DSG funding is provided in two stages. First stage is the government's grant to a local authority area, and then the local authority determines the grant distribution to the local educational establishments. There is a national funding formula (NFF) at local authority level, which was introduced in 2018/19.

Illustration one: Schools Block Funding



- 3.2 Stage one - funding allocated to local authority areas from DfE. Funding is based on pupil characteristics, premises characteristics and pupil numbers. Alongside funding as per national formula, funding floor protection is provided if a minimum increase on a per pupil basis is not allocated through the funding formula.
- 3.3 In 2022/23 Manchester will receive the minimum per pupil increase, before taking account of changes in population this amounts to £9.7866m. Manchester

will see an increase in total cash terms due to changes in individual schools' pupil characteristics (Ever 6 Free School Meals, IDACI, Prior Attainment) or as a result of funding floor protection to ensure all schools' NFF allocations see a 2% increase compared to their 2021/22 baseline pupil-led funding per pupil. The NFF formula rates: 2021/22 and 2022/23 are provided in Appendix one of this report.

- 3.4 Stage two - The school formula allocation is the distribution of the grant received from the DfE across educational establishments in the local authority area. Manchester local formula factors are different to the national funding formula rates, please see Appendix one, showing the local formula factors compared to the NFF. At this stage, the change in the per pupil increase to Manchester schools is unknown and will depend on affordability when the settlement is received in December 2021. Also considering if Manchester move towards the National Funding Formula (NFF), this is considered in detailed in Agenda item 5: NFF Consultation. DfE in December.

High Needs

- 3.5 Based on announcements above the City should receive an additional £8.355m before factoring in increases in the population
- 3.6 Local Authorities will receive an increase of at least 8% per head for 2 to 18-year-old population through the funding floor. This minimum increase in 2022/23 allocations will be based on local authorities' high needs allocations in 2021/22 including the additional £0.73 billion announced in December 2020. Above this minimum increase, the formula will allow local authorities to see increases of up to a limit of 11%, again calculated on the basis of per head of population. Based on this, it is estimated that Manchester's additional allocation will be in the range of circa £9m-£10m once growth is factored into the NFF.
- 3.7 DSG Recovery is still expected by 2022/23 however, Local authorities will continue to be able to transfer up to 0.5% from their schools' block funding, with agreement from their Schools Forum and schools to the high needs block. It is unlikely that a transfer will need to be undertaken at this stage, the Local authorities will keep under review. Please note a full consultation would be provided to Schools Forum, maintained and academy schools prior to any change.

Early Years

Implications for Manchester:

- 3.9 The early years allocations for 2022/23 are expected to be published in December 2021, presumably on the initial estimate of the January 2021 census as in previous years, prior to the temporary change in mechanism in 2021/22. Details will be reported to School Forum once information is released from DfE.

- 3.10 In 2021/22, early years funding is being provided to local authorities based on termly census data. This is a temporary departure from the usual funding approach of basing allocations on January censuses, and was a direct response to issues related to low take up of free entitlement in the January census during the pandemic.

Central School Services Block (CSSB)

- 3.11 The CSSB funding covers responsibilities local authorities hold for all schools, such as admissions, school's forum, copyright licenses. Manchester's provisional 2022/23 CSSB allocation shows a reduction of £89k, once protection has been applied against the reduction in historical commitment. The £89k reduction for the ongoing responsibilities is a result of the maximum 2.5% reduction in the per pupil amount, from £44.21 to £43.10.

4. CONCLUSIONS AND RECOMMENDATIONS

- 4.1 In total it is estimated before taking account of changes in pupil numbers and their characteristics Manchester should receive an additional **£18.052m** grant next year, which is mainly made up by a 2% uplift and £8m increase in the high needs block.

All School Forum members are asked to:

- Note school funding settlement headlines.
- Note that Manchester has yet not received the confirmed settlement, and at this stage, the estimates of grant increases are based on interpretation of recent announcements.