

**Manchester City Council  
Report for Resolution**

**Report to:** Schools Forum

**Subject:** Supplementary Grant - High Needs 2022/23

**Report of:** Directorate Finance Lead – Schools and Education

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**Summary**

The Supplementary grant was announced by the government following the autumn 2021 spending review, the additional funds are intended to reflect the additional cost of the Health and Social Care Levy and other cost increases that local authorities and schools will face 2022/23. Manchester has been allocated £18m from the Government's £1.6bn supplementary funding, which is in addition to 2022/23 DSG settlement. The Supplementary funding is made up of £14m for mainstream schools, early years and post-16 provision, and £4m allocated to the high needs block, special schools and alternative provisions. This report provides explanation of the Council's methodology in allocating a share of the £4m to special schools, as noted in January 2022 Schools Forum.

**Recommendations**

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

- The allocation and methodology of the high needs supplementary grant to increase special schools' element three top-up funding by 3%.
  - A review in 2023/24 on the future sustainability of the 3% supplementary increase
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**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.

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## **1. INTRODUCTION**

- 1.1 Manchester has been allocated £18m from the Government's £1.6bn supplementary funding, on-top of the 2022/23 DSG. The supplementary funding recognises additional costs that local authorities and schools will face in the coming year, including providing support for the cost of Health and Social Care Levy, applied initially through employers' national insurance contributions, and wider costs pressures. For 2022/23 this is in the form of a separate grant, where possible the Department of Education (DfE) intends to incorporate this funding into core budget allocations for 2023/24.
- 1.2 The £18m Supplementary grant allocation to Manchester is made up of:
- £14m for schools, early years and post-16 provision in schools The DfE have published a SSG indicative allocations calculator for mainstream schools. Early years and post-16 elements of the school's supplementary grant will be allocated on a simple per-pupil basis.
  - £4m additional high needs funding includes special schools and alternative provisions providers as part of the element three top-up funding, but also takes into account that colleges and other providers offering extra hours of study to students with high needs may require additional funding to support those students. The DfE does not offer any methodology of distributing the funding.

## **2. Special School funding**

- 2.1 Special schools funding formula is made up of three factors; place funding (elements 1 and 2); top up funding (element 3); and commissioned services. This formula is described as a 'place plus' approach to funding, with elements one and two falling into the place category, which DfE standardised at £10k per place and element three being the plus, normally described as the top up funding. When benchmarked with other NW local authorities Manchester's top-up funding rates are at the midpoint range.
- 2.2 DfE guidance states that element three top up funding should follow the pupil in real time. In Manchester this is implemented through termly top up funding adjustments based on actual pupil numbers in attendance during the term and banded categories of need to reflect the differing levels of need.
- 2.3 There is an expectation that where authorities agree to allocate additional supplementary funding to special schools it will form part of the element three top-up funding.

## **3. Special School Supplementary allocation**

- 3.1 Mainstream schools supplementary funding is formula driven; the calculation shows 3% increase on the basic per pupil amount against the National Funding Formula (NFF) values. Based on this the Council is proposing to increase the special school element 3 top-up value 2022/23 by a further 3% funded by the

supplementary grant. The 3% Supplementary allocation equates to c.£0.7m for 2,421 planned special school places across 17 special schools.

- 3.2 As reported to School Forum 2022, special schools have seen an inflationary uplift on the top-up element from within the base HNB allocation of £110.024m. Each top-up band S1 to S5, appendix one details the description of each band, was increase by 2% plus £200 (the £200 representing 2% uplift against the £10k place funding set by the DfE). The effect of applying the 3% supplementary funding would mean all top-up bands will now be increased by 5% plus £200. This is an overall increase of £1.63m to special school's top-up funding based on planned places at 2021/22 rates against 2022/23 rates.
- 3.3 The impact of the increase on the top up rates are illustrated on the table one below: column C shows the final 2022/23 top-up rates, against 2021/22 top up rates column A, and the inflationary uplifted rates column B, as reported to School Forum January 2022.

Table One: Top-Up Rates 2022/23

		<b>Column A</b>  <b>2021/22 Banding Rates</b>	<b>Column B</b>  <b>2022/23 Inflation Uplift: (Sch. Forum Jan22)  +2% plus £200</b>	<b>Column C</b>  <b>2022/23 Inflation uplift &amp; Supplementary:  +5% plus £200</b>
<b>Place funding</b> (Elements 1 and 2)	Pre and post 16	£10,000	£10,000	£10,000
<b>Top up Banding</b> (Element 3)  (using Matching Provision to Need Tool Descriptions)	S1	£7,300	£7,646	<b>£7,865</b>
	S2	£8,200	£8,564	<b>£8,810</b>
	S3	£9,300	£9,686	<b>£9,965</b>
	S4	£11,000	£11,420	<b>£11,750</b>
	S5	£15,000	£15,500	<b>£15,950</b>

- 3.3 The HNB has seen year-on-year increases of higher scale than normal, It is anticipated that the 2022/23 13% increase will help to shift the current deficit into a more sustainable position at a national level. The DfE have indicated that HNB funding although will increase in the subsequent two years it will be on a smaller scale. DfE have suggested to LA that a forecasting assumption of a 5% increase in 2023 to 2024, and 3% beyond that.
- 3.4 The Council needs to ensure financial sustainability going forward, in order to ensure this the additional 3% Supplementary grant increase in the top-up funding is affordable 2023/24 onwards a further review will be made against the final 2023/24 settlement.
- 3.5 The Supplementary funding is to reflect the cost of the Health and Social Care Levy and other cost increases that were not anticipated when the DfE

announced the NFF settlement allocations. There are impacts within the HNB outside of special schools that will need to be met, some of which the financial impact is unknown currently, and the Council need to ensure that this does not have a detrimental impact on the HNB recovery.

#### 4. **RECOMMENDATIONS**

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

- The allocation and methodology of the high needs supplementary grant to increase special schools' element three top-up funding by 3%.
- A review in 2023/24 on the future sustainability of the 3% supplementary increase