
Report to CABINET

Schools National Funding Formula

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Green

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Reason for Decision

Following the Government announcement in July 2021 regarding the resources available for School Funding for 2022/23, it is necessary to consider how the funding for Schools and Academies should be distributed in 2022/23.

Executive Summary

This report advises of the level of Dedicated Schools Grant (DSG) for 2022/23 together with its allocation across the three funding blocks for which information is currently available. It is important to note that this funding is based on October 2020 pupil numbers and will be subject to change once calculations have been updated to reflect October 2021 pupil numbers.

The report also provides information about the National Funding Formula (NFF) for Schools, the High Needs Blocks for Oldham and also presents a recommended approach for the distribution of the Schools Funding Block of the DSG to Schools and Academies for 2022/23.

In addition, the report presents the proposed option (Model 1 as detailed in Appendix 1) to move to the 2021/22 NFF cash values in full except for the Area Cost Adjustment (ACA) where it is proposed that the factor applied in Oldham is initially reduced from 1.00546 to 1.00000. However, Members are advised that if there are any resources available once funding allocations based on updated pupil numbers are received, then this additional funding will be allocated through an increase to the ACA.

The indicative Schools block allocations to Local Authorities are funded by multiplying a Primary Unit of Funding (PUF's) and Secondary Units of Funding (SUF's) cash value by each pupil. The PUF's and SUF's for 2022/23 have been calculated based on school and pupil characteristics data from the 2021/22 Authority Proforma Tool (APT) data which was based on October 2020 census information. They will not be updated for any characteristic changes to the October 2021 census until 2023/24. If there is a significant change in characteristics such as eligibility for free school meals, the factor values in the local formulae will be adjusted as necessary to meet any affordability pressures.

It is also proposed that there is up to a 0.5% movement of funding from the Schools Block to the High Needs Block in order to manage the DSG (which is currently in a deficit position) so that the DSG is brought back into a balanced position by the end of 2023/24 as required by the Department for Education.

However, following the Government's Spending Review and the announcement that there will be £1.6bn in additional funding for 2022/23 budgets, on top of the year-on-year increase already confirmed, the proposed transfer will be reviewed to see if there is still a requirement for a 0.5% transfer from the Schools Block once detailed funding is known.

Recommendation

That Cabinet approves:

- 1) The model outlined in the report which is a move to the 2022/23 NFF cash values in full except for the Area Cost Adjustment factor, which is reduced to 1.00000 but with the opportunity to adjust the ACA if there are any resources available once actual 2022/23 funding allocations are received.
- 2) The adjustment of the model if there is a significant change in characteristics such as eligibility for free school meals to meet any affordability pressures; and
- 3) Up to a 0.5% transfer of funding between the Schools and the High Needs Blocks subject to the receipt of detailed additional funding information (arising from the Spending Review announcement) which will determine if the transfer is still required once details of the additional funding for 2022/23 are available.

Schools National Funding Formula

Background

1.1 The Dedicated Schools Grant (DSG) is a ringfenced grant payable to Local Authorities by Government for the funding of schools and academies. Over a number of years, the Government is changing the way it funds schools via the DSG from locally agreed arrangements towards a standard means of allocating resources. This is known as the National Funding Formula (NFF).

1.2 The DSG is made up of 4 blocks of funding

- Schools
- High Needs
- Early Years
- Central Schools Services

The **Schools Block** covers funding for:

- a) Individual mainstream schools and academies
- b) Growth funding for planned growth by the LA in schools.

The **High Needs Block** supports:

- a) Provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25 in a range of provision including Special Schools, the Pupil Referral Unit, Post 16, Out of Borough and Independent in Borough placements, and the additional number of children with Education, Health and Care plans in mainstream schools.
- b) Council centrally retained expenditure for High Needs.

The **Early Years block** covers:

- a) Two-Year-old Funding
- b) Early Years Funding in Schools and Private, Voluntary and Independent provision (PVI's)
- c) Centrally retained expenditure for under 5's.

The **Central Schools Services block** covers:

- a) Funding previously allocated through the retained duties element of the Education Services Grant (ESG) which was discontinued from 2018/19
- b) Central school services which includes the expenditure related to Schools Forum, Premature Retirements, Admissions service, and School Improvement
- c) School Licenses
- d) Statutory and Regulatory duties.

1.3 Each of the 4 blocks is determined by a separate National Funding Formula which calculates the funding due to Local Authorities. The Department for Education (DfE) has calculated the funding the Local Authority will receive for the Schools Block as if the National Funding Formula had been applied to Schools.

- 1.4 There has been little change in the national funding arrangements between those operating in 2021/22 and those proposed for 2022/23 and therefore, as will be explained later, there is no requirement for Authorities to move further to the funding allocation methodology that was initially introduced by the NFF in 2018/19. It remains the role of the Local Authority in 2022/23 to determine the funding for Schools and Academies via their Local Funding Formula for the Schools Block.
- 1.5 There is a requirement for a Local Authority (LA) to consult with Schools and Academies on the DSG allocation methodology that will be applied for the forthcoming financial year. Therefore, consultation on the 2022/23 Oldham DSG funding methodology ran from 18 October to 12 November 2021. The outcome of the consultation was presented to the Schools Forum at its meeting of 17 November 2021 and is shown in sections 2.32 to 2.34 below.

2 Current Position

Funding Announcements

- 2.1 On 19 July 2021, the Department for Education (DfE), via the Education and Skills Funding Agency (ESFA) published provisional DSG funding allocations for 2022/23.
- 2.2 The 2022/23 indicative DSG for Oldham is £274.906m. As illustrated in the table below, this excludes funding for both the Early Years Block for 2022/23 and the Schools Block Growth, both of which are expected to be notified in December 2021. If these two areas are excluded, there has been an overall increase in funding of £10.313m between 2021/22 and 2022/23. The initial allocations as notified are based on October 2020 pupil numbers. The final allocations for 2022/23 will be calculated using the October 2021 census which will be announced in December 2021.

Table 1 2021/22 DSG and the Indicative Allocation for 2022/23

Dedicated Schools Grant (DSG)	2021/22 £000	2022/23 £000	Difference £000
Schools Block	217,425	223,598	6,173
High Needs Block	44,550	48,904	4,354
Central Schools Services Block – on-going costs	1,557	1,555	(2)
Central Schools Services Block – historic costs	1,061	849	(212)
Sub Total	264,593	274,906	10,313
Early Years Block	19,715	tbc	(19,715)
Schools Block Growth	1,224	tbc	(1,224)
Total	285,532	274,906	(10,626)

- 2.3 The Central School Services Block (CSSB) provides funding for Local Authorities to carry out central functions on behalf of maintained Schools and Academies. The Block comprises two distinct elements: on-going responsibilities and historic commitments. For 2022/23, historic commitments have been reduced by a further 20%. The DfE will continue to unwind this funding in future years. As a result, the allocation for Oldham for 2022/23 has reduced by £0.212m. There has been a further reduction of £0.002m, for on-going responsibilities. The impact of these reductions will be managed as part of the Council's 2022/23 budget setting process.

- 2.4 The indicative Schools Block allocations to Local Authorities are funded by multiplying a Primary Unit of Funding (PUF's) and Secondary Units of Funding (SUF's) cash value by each pupil. The PUF's and SUF's for 2022/23 have been calculated based on school and pupil characteristics data from the 2021/22 Authority Proforma Tool (APT) data which was based on October 2020 census information. They will not be updated for any characteristic changes to the October 2021 census until 2023/24. If there is a significant change in characteristics such as eligibility for free school meals, the factor values in the local formulae will be adjusted as necessary to meet any affordability pressures.
- 2.5 The DfE has also issued financial information on the funding that individual schools would receive if the Local Authority moved in full to the NFF for 2022/23. These illustrative allocations are based on 2020 pupil data and characteristics. Each school can view the calculation of its budget via the DfE COLLECT Portal
- 2.6 In 2022/23 the DfE will provide funding in the School's Block as follows:
- (a) An increase of around 3.00% on 2021/22 NFF cash values (not locally set cash values) for pupil led factors, excluding Free School Meals (FSM) and the Minimum Funding Guarantee (MFG)
 - (b) An increase of 2.17% in line with inflation for Free School Meals
 - (c) Area Cost Adjustment (ACA) – once the NFF cash values have been set for those factors at point (a) and (b) above, an area cost adjustment then inflates the allocation using a weighted multiplier. The ACA is a nationally determined weighting which is calculated based on differences in salary costs throughout the country and general labour market costs. The ACA will therefore be different in each local authority. In Oldham the ACA is 1.00546.
- It is important to note that the 2022/23 Oldham funding formula (discussed in detail later in the report) proposes an ACA factor of 1.00000. However, any resources available once actual allocations are received will be allocated through an increase to the ACA. It is considered that adjusting the ACA i.e., increasing cash values, is the most equitable way to allocate any remaining funding. This will impact on all cash values equally. If there was to be an adjustment to just one of the factors, the increase would not be seen fairly by all schools.
- (d) An increase of 2.97% on 2021/22 NFF cash values (not locally set cash values) for lump sum
 - (e) A Minimum Funding Level per pupil of £4,265 in primary and £5,525 secondary.
 - (f) A Minimum Funding Guarantee of 2.00% and no capping for any gainers.
- 2.7 As a result of the DfE notifications, the indicative High Needs Block allocation of has increased between 2021/22 and 2022/23 by £4.354m to £48.904m. The actual allocation for High Needs will change further having regard to changes in pupil and student numbers and their movement between Local Authorities through the basic entitlement factor and import/export adjustment. The High Needs Block of the DSG has been in a deficit position for several years and even with this increase in resources, is forecast to remain in a cumulative deficit position. The funding pressure that this High Needs position has caused, has resulted in the whole DSG being in a deficit position. Over the past six years, the Council and Schools Forum have agreed a

movement of funding from the Schools to the High Needs Block as a means of managing this deficit.

- 2.8 The table below shows the approved cash movements from the School's Block by financial year and as a percentage. This has been an extremely important, indeed a vital, means of managing the DSG financial position and highlights the collaborative way in which Schools Forum has worked to support the Oldham Schools family.

Table 2- Approved Movements from the Schools Block to High Needs Block

Financial Year	£000	% Movement Between Blocks
2016/17	385	0.21
2017/18	2,380	1.29
2018/19	1,878	1.00
2019/20	1,594	0.84
2020/21	1,009	0.50
2021/22	1,049	0.50

- 2.9 The 2022/23 consultation process with schools set out the proposal for a further movement of funding between the Schools and High Needs Block. Therefore, the Council sought Schools Forum agreement to the transfer of 0.5 % to the High Needs Block. In this regard it is important to note that the 2022/23 High Needs funding is expected to be sufficient to cover estimated in-year spending demands in the High Needs Block, but this does not address the cumulative deficit position.
- 2.10 The Spending Review announcement on 27 October 2021 (after the 2022/23 consultation process had begun) advised that there will be £1.6bn in additional funding for 2022/23 schools budgets, on top of the year-on-year increase already confirmed. Therefore, a key element of the consultation with Schools Forum was that the proposed transfer will be reviewed to see if there is still a requirement for a 0.5% transfer from the Schools Block once detailed funding allocation is known. Whilst additional funding is welcome, the lack of certainty about the level of any additional funding or how it will be directed to support schools is creating a challenge in schools' budget setting arrangements for 2022/23.

The DSG Recovery Plan/ Management Plan

- 2.11 Members will be aware that the DSG deficit position has required the Council to liaise with the DfE about a Recovery Plan to take the DSG into a balanced/surplus position by the end of 2023/24. In line with the revised guidance on DSG deficits, on 20 May 2021, Oldham had an informal meeting with ESFA Local Authority funding colleagues and a Special Educational Needs and Disabilities adviser to discuss the DSG Recovery Plan. This meeting was to consider and agree any support that the ESFA could provide in taking forward the Recovery Plan. This meeting was attended by the Council's Director of Finance, other Finance colleagues and the Assistant Director SEND. It was agreed the Authority would submit an updated Recovery Plan using the DfE Management Plan template. This updated Management Plan was submitted on 18 October 2021 and a follow up meeting to discuss this took place on 9 November 2021.
- 2.12 The meeting with the DfE/ESFA officials went well with positive comments received with regard to the progress being made in managing the DSG deficit. As advised, DfE officials commented about the availability of additional funding to support current plans, but could provide no details as to extent or nature of the funding.

- 2.13 It is obviously an important element of the financial management of the Authority that the DSG is not in a deficit position and there has been action to address this. However, the current deficit has resulted from the increase in DSG resources being more than offset by the increasing numbers of children with special needs entering the education system, predominantly resulting in increased expenditure in the High Needs Block. Action taken so far to try to reduce the deficit includes:
- The revision of Council processes to ensure that Education Health Care Plans (EHCP's) are issued in a timelier manner and reviewed more frequently with regard to the needs of the child
 - Changes to the process for the placement of children out of borough
- 2.14 Work will continue during the remainder of 2021/22 and throughout the next two years to address the DSG deficit position, building on the work already in train, with the continued monitoring of the detailed DSG Recovery Plan. However, it is evident, that progress has been hindered by the impact of COVID-19 and the widespread disruption to the education system during 2020 and 2021.
- 2.15 The DfE expects Local Authorities to have regard to the significant increase in High Needs funding in 2022/23 on top of increases in the previous year, when making decisions on block movements, and for these to have been appropriately discussed at Schools Forum meetings. It is important to note that the Department is still allowing transfers of up to 0.5% from the Schools Block to the High Needs Block in 2022/23 with the approval of the Schools Forum.
- 2.16 When the DSG budget was set for 2021/22, Schools Forum agreed to a 0.5% movement between the Schools and High Needs Blocks with the expectation that there would be no requirement for a transfer in 2022/23. However, as outlined later in the report, the financial position of the DSG has not improved as anticipated and therefore taking into account all known factors including the approvals process and the expectations of the DfE, it is proposed that there is a transfer between the Schools and High Needs Blocks in 2022/23 of up to 0.5%.
- 2.17 As advised above, the Spending Review promised additional funding, over and above that already notified, so any transfer between Blocks will be subject to review once the detailed additional funding information is known. As discussed at School Forum and in consultation meetings with schools, a transfer between Blocks will only take place if there is no prospect of bringing the DSG into a balanced or surplus position without it.
- 2.18 Elsewhere on the agenda, the month 6 Financial Monitoring report presents a previous iteration of the Recovery Plan (prepared at the end of September). This shows a forecast 2021/22 cumulative DSG deficit of £3.725m, reducing to £0.442m at the end of 2022/23. The Recovery Plan has now been revisited and this highlights that the DSG deficit forecast for 2021/22 has slightly increased to £3.731m.
- 2.19 The table below summarises the revised DSG Recovery Plan firstly with and then without a movement between the Schools and High Needs Block. Without a transfer the DSG is forecast to remain in deficit by the end of 2023/24. However, with a transfer from the Schools to High Needs Block in 2022/23 (but not 2023/24) the DSG is forecast to move back to a surplus of £0.844 in 2023/24.
- 2.20 The Recovery Plan also assumes cumulative savings of £0.750m across the three years from bringing pupils from out of Borough provision back in borough. However, if these savings are not achieved in full, the DSG will have an even greater deficit at the end of 2023/24 if there is no transfer between Blocks.

Table 3 - DSG Recovery Plan

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Opening Balance - Surplus/(Deficit)	(4,916)	(3,560)	(3,731)	(382)
Movements per original plan	1,048	5,081		
Revised Forecast Variance	(3,868)	(1,105)	(3,731)	(382)
Estimated Additional (Pressures)/ Savings	308	(5,252)	2,225	1,226
Indicative Transfer from Schools Block	0	0	1,124	0
Revised Net Forecast (Deficit)/Surplus with a 0.5% transfer	(3,560)	(3,731)	(382)	844
Revised Net Forecast (Deficit)/Surplus without a 0.5% transfer in 2022/23			(1,506)	(280)

The Requirement for Consultation

- 2.21 As advised, it is a requirement that there is consultation with schools and the Schools Forum to determine the local funding formula for schools. The timeline for such consultation for 2022/23 is highlighted in the table below. A meeting was held with the Fair Funding Group, on 3 November to discuss the issues upon which schools were being consulted. Further meetings were held with the Primary Head Teachers Group on 10 November and Secondary Head Teachers Group on 11 November. The Consultation Document setting out the issues upon which schools were being consulted was issued on 18 October is available within the Schools Forum section of the Council's website, which is accessible via the link in Section 19 (Background Papers) of this report. The consultation period ran from 18 October to 12 November 2021.

Table 4- Consultation Timetable

Consultation Stage	Date
Fair Funding Group	3 November 2021
Consultation with Schools	18 October to 12 November 2021
Schools Forum Meeting	17 November 2021
Cabinet Meeting	13 December 2021
Schools Forum	19 January 2022
Schools Block Formula sent to the DfE	21 January 2022

- 2.22 The Consultation Document was issued to 105 individual Schools and Academies. It outlined the proposed funding model and requested a response to the following question (together with an opportunity to provide any further comments or observations):

'Do you support the Local Authority proposal of a transfer to the High Needs block of 0.5% from the Schools Block in 2022/23?'

All Consultation responses and comments were collated and presented to the Schools Forum on 17 November as set out in section 2.32 to 2.34 below.

Consultation on the approach to the NFF

- 2.23 The currently available NFF values has 14 factors which influence funds allocation levels, and these have been used to calculate the funding allocated to the Authority. However, for 2022/23 the distribution of funding can still have an element of local determination, hence Oldham currently has the flexibility to set its own funding formula in order to distribute the school block allocation.
- 2.24 For 2022/23 for Oldham, the proposed funding formula continues to substantially use Oldham's 2018/19 funding formula but moved fully to the National Funding Formula except for the area cost adjustment (ACA) by providing a minimum per pupil funding level of £4,265 per primary pupil and £5,525 per secondary pupil with an MFG of 2 per cent and no cap on any gainers.
- 2.25 Growth funding is within Local Authorities' Schools Block DSG allocation. The growth fund is to support pupil growth relating to LA planned basic need for schools where it has been already been agreed with the LA that there will be an increase in the planned admission numbers (PAN) by means of the provision of a school extension. There is an estimated closing balance on the growth fund of £0.655m for 2021/22. It is proposed to use £0.288m of the £0.655m growth funding to support the proposed 0.5% Schools to High Needs Block transfer. Funding part of the transfer in this way means that individual schools' allocations are protected. If applied, this would leave an indicative growth fund balance of £0.367m.
- 2.26 Two options for Oldham's funding formula for 2022/23 have been modelled and were issued to schools for consultation. One model reflects schools funding allocations if Oldham moved to the NFF cash values in full and there was an adjustment to the ACA element of the formula. This is the proposed model for 2022/23. Also modelled was the movement to NFF cash values in full and there was an ACA element of the formula of 1.005
- 2.27 The proposed option is based on current characteristics as outlined at 2.4 and is subject to change when the actual numbers of pupils included in the October 2021 census is notified to the Council. This data will be released in late December 2021 and the allocations will then be revised.
- 2.28 The proposed approach has been based on 3 key principles:
- The presentation of what is considered to be the fairest allocation of resources for Oldham Schools and Academies having regard to prevailing pressures and issues
 - To ensure that Oldham Schools are best placed for smooth implementation when the National Funding Formula for Schools is fully introduced
 - The positive management of the DSG deficit position
- 2.29 It is important to note that the key components of the financial strategy to bring the DSG towards a balanced position are as follows;
- a) A proposed move to the 2022/23 NFF cash values in full except for the ACA where it is proposed that the factor applied in Oldham is reduced from 1.005 to 1.00000.

Any resources available once actual allocations are received will be allocated through an increase to the ACA. It is considered that by adjusting the ACA i.e. increasing cash values, this is the most equitable way to allocate any remaining

funding. This will impact on all cash values equally. If there was to be an adjustment to just one of the factors, the increase would not be seen fairly by all schools.

- b) A 0.5% transfer of funding between the Schools and the High Needs Blocks in 2022/23.

2.30 A summary of the model follows and detailed calculations are attached at Appendix 1. In reviewing the model, it may be useful to note the following;

- a) Local Authorities may top-slice the Schools Block of the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the Authority, including pre-opening, diseconomy of scale and reorganisation costs. In this regard the Schools Block predicted in the option table in section 2.31 shows the funding available to schools at £227.493m which includes an estimated £1.351m for growth funding and an estimated funding brought forward for Growth of £0.655
- b) From 2019/20, there has been a new approach for allocating funding to Local Authorities to support schools with significant in-year growth in pupil numbers. Local Authorities will be funded according to actual levels of pupil number growth, rather than on the basis of historic spend. Appendix 2 details the current growth funding for Oldham schools.

Proposed Funding Model

2.31 The model proposes a 0.5% movement to the High Needs Block at an estimated value of £1.124m from the growth fund within the Schools Block. The model uses the cash values based on moving to the NFF values in full except for the ACA which will be set at 1.00000. This is considered to be the fairest method of financing a 0.5% movement to the High Needs Block as it does not impact on schools been funded at NFF cash values. The figures used are provisional estimates and will be revisited once final allocations are received. If there is a balance remaining when actual funding is received this will be transferred to the Area Cost Adjustment to increase the funding allocations for schools.

Table 5 – Proposed Allocation of the 2022/23 DSG

Model	£000	£000
Schools Block		225,487
Estimated additional Schools Block for growth		1,351
Estimated growth b/fwd.		655
Funding Available to allocate to schools		227,493
Formula Allocation to Schools based on October 2020 Pupils	222,330	
Cost of Oasis Leesbrook and Brian Clarke Schools Growth	3,230	
Current funding allocated through school's block		225,560
Estimated explicit growth 2022/23 for planned expansions		809
Proposed Transfer to Schools Block		1,124
Balance Remaining		0

Outcome of the Consultation with Schools

- 2.32 The consultation with 105 Schools and Academies closed on 12 November 2021. The number of responses to the consultation is shown in the Table below. As can be seen, the overall response rate was 14%, with responses varying between sectors.

Table 6 Consultation Responses in Total

Type	Number of Responses	Number of Consulted	Response Rate
Primary	12	86	14%
Secondary	3	13	23%
Special	0	6	0%
Total	15	105	14%

- 2.33 The response to the consultation question is shown in the table below and highlights that although there was a low response, 60% of respondents agreed with the proposal for the 0.5% movement.

Table 7 Consultation Responses in Detail

Question	ANSWER YES	ANSWER NO	TOTAL
Do you support the Local Authority proposal of a transfer to the high needs block of 0.5% from the Schools Block in 2022/23?	9	6	15
	60%	40%	100%

- 2.34 After consideration of the consultation responses and the reports presented for discussion, Schools Forum, at its meeting on 17 November 2021, resolved unanimously to approve the funding formula proposed for 2022/23 with up to a 0.5% transfer of funding between the Schools and the High Needs Blocks subject to the receipt of detailed additional funding information (arising from the Spending Review announcement) which will determine if the transfer is required

(Votes: 7 for and 0 against – 100% in favour, a unanimous decision).

Updated DSG Recovery Plan

- 2.35 Following Schools Forum, the table below shows the revised Recovery Plan which incorporates the approved 0.5% movement and illustrates that with the increased funding anticipated and the planned actions to address new operating arrangements to generate efficiencies, the DSG should be brought into a position where there is a surplus in 2023/24. This will be reviewed further once details of the Spending Review are received and the transfer between the Schools Block and High Needs Block adjusted if possible.

Table 8- The DSG Recovery Plan – Updated

	2021/22 £000	2022/23 £000	2023/24 £000
Opening Balance - Surplus/(Deficit)	(3,560)	(3,731)	(382)
Movements per original plan	5,081		
Revised Forecast Variance	(1,105)	(3,731)	(382)
Estimated Additional (Pressures)/ Savings	(5,252)	2,225	1,226
Transfer from Schools Block	0	1,124	0
Revised Net Forecast (Deficit)/Surplus with a 0.5% transfer	(3,731)	(382)	844

2.36 It is important that the DSG position is carefully monitored to ensure that the DSG deficit reduces as expected. Each Schools Forum meeting receives financial updates and Members receive information on the DSG in the Financial Monitoring reports considered at Cabinet. This will continue during 2022/23. Officers from the Children's Services Portfolio are engaged in taking forward the actions planned to support DSG efficiencies, supported by the Finance Team as appropriate.

3 Options/Alternatives

3.1 There is a requirement for the 2022/23 funding formula to be agreed by Schools Forum. The report sets out the funding formula agreed unanimously by Schools Forum members at their meeting on 17 November 2021. In view of the Schools Forum decision, Members are not therefore presented with an alternative approach.

4 Preferred Option

4.1 In view of the School Forum decision, the preferred option is that Members agree to accept Oldham's funding formula for 2022/23 as set out in this report. The formula is presented is to move to NFF cash values except for the ACA where the factor is 1.00000 is used but with an opportunity, if there are any resources available once actual allocations are received, to allocate these through an increase to the ACA. The formula also includes a movement of 0.5% between the Schools and High Needs Block, the requirement for which will be reviewed once detailed additional funding information is received.

5 Consultation

5.1 The report sets out the consultation that took place with Schools and Schools Forum during October and November 2021 which has informed the recommendations of this report

5.2 There has also been consultation with officers of the Council together with detailed consultation with the Cabinet Members for Education and Skills and Finance and Low Carbon.

6 Financial Implications

6.1 A key requirement of the Local Education Authority is to ensure the effective financial management of DSG resources. It is also important to ensure that those resources

that are available for allocation to schools are distributed in a fair and equitable way. A particular concern in the context of the 2022/23 allocation of resources is that the DSG is currently in a deficit position and will not be brought into a position where there is a surplus in 2023/24 unless steps are taken to manage spending within the resources available or additional funding is received.

- 6.2 The allocation methodology agreed by Schools Forum aims to promote effective financial management, fairness and equity in funding allocations. It will also, based on current estimates, to ensure that the DSG deficit is removed by the end of 2023/34 in line with the requirements of the DfE. This is therefore an appropriate approach to ensuring the financial sustainability of the DSG.

7 Legal Services Comments

- 7.1 The proposed decision is intra vires. In making the decision the usual considerations should be had in regards to “Wednesbury Reasonableness” and the results of the consultation with the Schools Forum should also be taken into account in formulating the decision. (Colin Brittain)

8 Co-operative Agenda

- 8.1 The School Budget Allocations supports the council's cooperative ambition empowering school staff to deliver high quality education for the residents of Oldham.

9 Human Resources Comments

- 9.1 There are no specific comments.

10 Risk Assessments

- 10.1 The key risks to the proposed allocation arrangement are the failure of the Schools Forum to agree to the movement of funds to the Schools Block and the failure of the Secretary of State to agree the funding movement if it is not agreed by Schools Forum. A revised approach will be required in this event.

11 IT Implications

- 11.1 There are no specific comments.

12 Property Implications

- 12.1 There are no specific comments.

13 Procurement Implications

- 13.1 There are no specific comments.

14 Environmental and Health & Safety Implications

- 14.1 None

15 Equality, community cohesion and crime implications

- 15.1 There are no specific comments.

16 Equality Impact Assessment Completed?

16.1 Not required

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 ED-06-21

19 Background Papers

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100 (1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background Papers are contained in Appendices 1 and 2 together with the Schools Funding Consultation 2022/23 and Schools Forum Meeting Papers 17 November 2021 (links below)

https://www.oldham.gov.uk/downloads/file/5855/school_funding_consultation_202021

https://www.oldham.gov.uk/downloads/file/6656/schools_forum_18112020

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20 Appendices

20.1 Appendix 1 – 2022/23 Schools Block Formula Modelling
Appendix 2 – Growth Funding 2022/23