



Subject Heading:

Schools Funding 2022-23

Report Author:

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(Schools)**

Eligibility to vote:

All school and academy members

SUMMARY

This report summarises the announcements of indicative DSG Schools Block funding for financial year 2022-23.

RECOMMENDATIONS

That the Schools Funding Forum

- (i) notes the announcements on schools funding for 2022-23
- (ii) agrees to apply the national funding formula rates to schools data in calculating schools funding

REPORT DETAIL

Government Announcement on School Funding

A written statement from the The Minister of State for School Standards to the House of Commons is attached at Appendix A providing an overview of the funding changes for 2022-23

This item considers the Dedicated Schools Grant (DSG) Schools Block funding. Other agenda items consider changes to Havering's High Needs and Central Schools Support DSG Blocks.

1. Operational Guidance

Every year the ESFA publishes Operational Guidance to local authorities to use with their Schools Forums to determine the funding arrangements for the year. The full Operational Guidance for 2022-23 can be found on the DfE website at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003631/Schools_revenue_funding_2022_to_2023.pdf

An extract of the document showing the key changes is attached at Appendix B.

2. Background

Financial year 2018-19 was the first year of the implementation of a “soft” National Funding Formula and for that year and the two subsequent years Havering has used the NFF rates in calculating funding for its schools. For each of those years decisions have been made by the Schools Funding Forum on the minimum funding guarantee (mfg) and the gains caps to be applied. For 2021-22, the mfg was set at +1.75% and there was no gains cap. This was after using £550,000 of the Schools Block to support the Pupil Growth/Falling Rolls Fund. No transfer was made to the High Needs Block in 2021-22. In the previous year (2020-21) the mfg was +0.5%, the gains cap +4% and £500k was transferred to the High Needs block.

For 2022-23 it is again recommended that Havering adopts the NFF funding rates and the Forum will again be asked to consider proposals for the level of the minimum funding guarantee, whether to apply a gains cap and if so at what rate. Consideration will again need to be given to any top up that is required to Havering's allocation of funding for pupil growth and falling rolls and to any transfer of funding to support high needs expenditure.

3. DSG Schools Block 2022-23

Indicative funding for 2021-22 through the DSG Schools Block has been announced by the DfE as shown in the table below against the baseline data from 2021-22.

	Pupil Numbers	Schools Block allocation excluding pupil growth and premises factors £	Allocation through premises factors £	Total allocation (excluding pupil growth) £	Allocation per pupil £
2022-23	37,478	198,818,062	2,430,762	201,248,824	5,370
2021-22	36,979	190,978,314	2,241,145	193,219,458	5,225
increase	499	7,839,748	189,617	8,029,366	145
				4.16%	2.78%

The Schools Block funding for 2022-23 shown above will be updated in December using pupil numbers from the October 2021 census and will also include Havering's allocation of funding for pupil growth/falling rolls. Until then the LA models various options based on estimated pupil numbers and data.

The table above shows the comparison of indicative 2021-22 funding against the baseline figure for 2021-22. This is not the final allocation that the LA received in 2021-22 which is shown in the table below together with the indicative Schools Block funding for 2022-23.

	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Rates (NNDR) £	Total Funding £
2022-23	4,667	6,285	22,701	14,777	198,818,062	2,430,762	201,248,824
2021-22	4,559	6,097	22,701	14,777	193,595,869	2,241,195	195,837,015
Diff	108	188	-	-	5,222,193	189,617	5,411,809

As already stated, the final Schools Block allocation for 2022-23 will be provided by the DfE in December based on the October 2021 census.

4. NFF Funding rates

The comparison between NFF funding rates to be used in the 2022-23 formula and those used for 2021-22 is shown in Appendix C

5. Minimum Funding Guarantee and Gains Cap

The range for the minimum funding guarantee (mfg) percentage that local authorities can apply is between 0.5% and 2%. Local Authorities can also apply a cap on the % gains per pupil that schools will receive to ensure that the total amount allocated to schools does not exceed the Schools Block funding that has been allocated. In

calculating funding to schools in 2021-22 an mfg of 1.75% was applied with no gains cap.

6. Pupil Growth and Falling Rolls Fund

In 2019-20 the DfE introduced a formula through which to allocate growth funding to LAs. This is based on multiplying the difference between the October data in one year to the previous year and multiplying that difference by £1,370 per primary pupil and £2,050 per secondary pupil. These arrangements based on lagged data do not support LAs with a growing number of pupils. Havering's allocation has decreased year on year although the reduction of £33k for 2021-22 was much smaller than in recent years.

2018-19	£3.3m
2019-20	£2.5m
2020-21	£1.6m
2021-22	£1.6m

For 2021-22 the LA had calculated that the cost of funding pupil growth and falling rolls would be £2.15m and the Schools Funding Forum agreed to allocate £550k of the Schools Block to meet the shortfall in funding.

Havering's arrangements are to fund new expansions, increases in PANs as they move through the year groups of schools and commitments to fund bulge classes in which pupil numbers are significantly below the number required to fund the additional teaching costs etc. For 2021-22 the AWPU from 2020-21 was used to allocate funding.

e.g. for a primary school expansion

28 pupils x AWPU £3,093.39 x 7/12 (Sept – March) = £50,525

This budget must also fund schools with falling rolls. To comply with the DfE requirements Havering's arrangements fund good and outstanding schools only and when the capacity is likely to be filled in 3 years. The formula funds schools with a NOR below 85% of its PAN in the first two year groups.

Havering also has local arrangements that support primary schools that have significantly and consistently low numbers in some year groups.

Proposals in the DfE Consultation 'Fair school funding for all: completing our reforms to the National Funding Formula' may result in a significant reduction in funding for schools with low numbers in some year groups.

Statement made on 19 July 2021

Nick Gibb

The Minister of State for School Standards

Today I am confirming provisional funding allocations for 2022-23 through the schools, high needs and central school services national funding formulae (NFF). The allocations distribute the final year of the three-year school funding settlement that the Secretary of State for Education announced to Parliament on 3 September 2019. Core school funding increased by £2.6bn in 2020-21, and is increasing by £4.8bn and £7.1bn in 2021-22 and 2022-23 respectively, compared to 2019-20.

These allocations are part of the annual funding cycle. They are separate to the three major interventions we have made to support education recovery in response to the COVID-19 pandemic –over £3bn in total. All of that support for recovery will be provided on top of the funding allocations announced today for local authorities and schools.

Funding through the schools NFF is increasing by 3.2% overall in 2022-23, and by 2.8% per pupil. The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2022-23 are:

- The core factors in the NFF (such as basic per-pupil funding, and funding for additional needs such as deprivation) will increase by 3%.
- The funding floor will ensure that every school is allocated at least 2% more pupil-led funding per pupil compared to its 2021-22 NFF allocation.
- The minimum per pupil funding levels will increase by 2%, compared to 2021-22. This will mean that, next year, every primary school will receive at least £4,265 per pupil, and every secondary school at least £5,525.
- Support for small and remote schools (through the “sparsity” factor) will receive a further increase. In 2022-23 the additional funding that such schools can attract is rising to up to £55,000 for primary schools, and up to £80,000 for secondary schools – in both cases, a £10,000 increase from 2021-22. We are also moving to using road distances instead of straight line distances when measuring a school's remoteness. This will significantly increase the number of schools attracting this funding. As a result, the funding allocated through the sparsity factor is increasing from £42 million in 2021-22 to £95 million in 2022-23.

High needs funding is increasing by £780m, or 9.6%, in 2022-23 – following the over £1.5 bn increase over the last two years. This brings the total high needs budget to £8.9bn, an increase of over a third since 2019-20. The high needs NFF will ensure that every local authority receives at least an 8% increase per head of population, with some authorities seeing gains of up to 11%. This vital extra resource will continue to help local authorities manage their cost pressures in this area, while the government remains focused on completing the cross-departmental review of the

SEND system to ensure that it supports children and young people with SEND as efficiently and effectively as possible.

Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools. The total funding for ongoing responsibilities is £284 million in 2022-23. In line with the process introduced for 2020-21 to withdraw funding over time based on the historic commitments local authorities entered into before 2013-14, funding for these historic commitments will decrease by 20%.

The provisional NFF allocations published today will be updated, based on the latest pupil data, to produce final allocations in December that local authorities will receive through the Dedicated Schools Grant.

Local authorities will continue to use that funding to determine final allocations for all local mainstream schools. In parallel with the changes being implemented for 2022-23, the Government is in the process of consulting on how we complete our reforms to the schools NFF in the longer term – whereby funding allocations for individual schools are determined by one single national formula, rather than 150 separate, different, local authority formulae.



Education & Skills
Funding Agency

Schools revenue funding 2022 to 2023

**Operational guide
July 2021 Publication**

Introduction

1. This guide helps local authorities and their schools forums, to plan the local implementation of the funding system for the 2022 to 2023 financial year.
2. As the country moves through the coronavirus (COVID-19) pandemic, the Department for Education (DfE) acknowledges the essential role those local authorities are playing to support education. To ensure that funding can be delivered as smoothly as possible to schools, the department has made limited changes to funding arrangements in 2022 to 2023.

Expiry or review date

This guidance is current for the 2022 to 2023 funding year.

Who is this publication for?

This guidance is for:

- local authorities
- schools forums

Changes in 2022 to 2023

The department has updated the NFF in 2022 to 2023 with new factor values, and made some technical changes. These are detailed in the NFF technical notes and policy document. Where these affect local formula arrangements, they are also covered in this guidance.

Key changes to the schools NFF in 2022 to 2023 are:

1 NFF factor values have increased by:

- £10,000 to the maximum sparsity values
- 3% to basic entitlement, free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum
- 2% to the floor, the minimum per pupil levels and free school meals (FSM);
- 0% on the premises factors, except for PFI which has increased by RPIX.

Note - The Area Cost Adjustment for Havering has increased from 1.08274 to 1.08410. This has resulted in the NFF factors for Havering rising by slightly more than the increases shown above. NFF IDACI funding rates are rounded to the nearest £5. This results in some variation in the percentage increase.

2 Schools sparsity distances are now based on road distances, instead of straight-line distances, and a sparsity distance taper has been introduced, in addition to the existing year group size taper.

Note – No schools in Havering meet the criteria for receipt of sparsity funding

3 Data on pupils who have been eligible for FSM6 is now taken from the October 2020 school census instead of the January 2020 census, to make the factor more up to date and bring it in line with arrangements for other NFF factors as well as the pupil premium.

Note – This change was announced in December 2020 and was applied for 2021-22 funding.

4 Pupils who joined a school between January 2020 and May 2020 attract funding for mobility based on their entry date, rather than by virtue of the May school census being their first census at the current school (the May 2020 census did not take place due to coronavirus (COVID-19)).

5 Further to the consultation on changes to the payment process of schools business rates, schools business rates will be paid by ESFA to billing authorities directly on behalf of all state funded schools from 2022 to 2023 onwards. Further details on this will be issued separately within the formal consultation response over the summer.

6 Guidance for high needs funding arrangements for 2022 to 2023 will be available in late summer 2021.

The department has confirmed the following aspects of the high needs NFF:

- the funding floor is set at 8% so each local authority will see an increase of at least 8% per head of their 2 to 18 population (as estimated by the Office of National Statistics)
- the gains cap is set at 11%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population

Note – The High Needs Operational Guide for 2022-23 has now been published

7 A reminder that the following requirements have been removed from appendix 3 as they no longer need schools forum approval, following the consultation on changing the dedicated schools grant:

- any deficit from the previous funding period that is being brought forward and is to be funded from the new financial year's schools budget
- any brought forward deficit on de-delegated services which is to be met by the overall schools budget
- In 2022 to 2023, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. In July 2021, the department published a consultation on proposals for completing our reforms of the funding system, whereby individual schools budgets would be set directly through one single national formula, rather than local funding formulae. This consultation proposes that, from 2023 to 2024, local authorities will be required to bring their own formulae closer to the schools NFF, to smooth the transition. These requirements do not apply in 2022 to 2023, but local authorities may choose to move their local formulae closer to the NFF in advance of these requirements.

Minimum per pupil levels (MPPLs)

The MPPLs will remain mandatory, at the new NFF values.

Minimum funding guarantee (MFG)

Local authorities have the freedom to set the MFG in local formulae between +0.5% and +2% per pupil

Dedicated schools grant (DSG) transfers

Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.

A disapplication is required for transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if the minister agreed an amount in previous years.

Deficit management

The department recognises that there may well be some local authorities which, despite their best efforts and the increased funding for the high needs block, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the department expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time. The department will need convincing evidence from the local authority that it would be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years. The department will discuss the evidence requirement with selected local authorities and has provided a template to assist all local authorities report their plans for managing the DSG.

The department will continue to approach selected local authorities to begin discussions with them during 2021. These discussions are detailed, and to make this process manageable it will be necessary to limit discussions during 2021 to 2022 to a small number of authorities, as was the case in 2020 to 2021. The department expects to expand the discussions to other local authorities in later years.

LPA assessment data

Following the cancellation of assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will use 2019 assessment data as a proxy for assessments that would have taken place in 2020 and 2021.

Early years funding

We intend to publish the early years national funding formula (EYNFF) operational guide, that local authorities should follow when funding providers to deliver the early years entitlements in 2022 to 2023 in the autumn.

Reviewing and consulting on the pre-16 formula

1. The department appreciates that there may be limitations in the way local authorities are currently able to work due to the coronavirus (COVID-19) situation, although we expect a continued easing of restrictions.
2. However, local authorities must continue to do their best, within the circumstances, to engage in open and transparent consultation with all maintained schools and academies in their area, as well as with their schools forums, about any proposed changes to the local funding formula, including the principles adopted and any movement of funds between blocks.
3. Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies.
4. Local authorities also need to be setting out whether changes would bring their local formula closer to, or further from, the NFF.
5. Local authorities should communicate proposed formula changes to all bodies affected by the changes.
6. The local authority is responsible for making the final decisions on the formula; however, each local authority's process should have ensured that there was sufficient time to gain political approval before the APT deadline in January 2022.
7. Political approval means approval in line with the local authority's local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council. The schools forum does not decide on the formula.

8. Local authorities should, as much as is possible, ensure that they allow sufficient time for wider consultation with schools, agreement by their schools forum, and political approval if they wish to transfer funding out of the schools block, or submit a disapplication request.

Further information is included in the movement between blocks section of this guidance.

9. Schools forums can meet remotely. This includes, but is not limited to, telephone conferencing, video conferencing, live webcast and live interactive streaming.

ITEM 6 Appendix C

NFF rates 2022/23

ACA 1.08410

Factor	Primary				Secondary				
	2022/23		2021/22 % change		2022/23		2021/22 % change		
	NFF £	LBH £	LBH £	LBH	NFF £	LBH £	LBH £	LBH	
Basic per pupil	3,217.00	3,487.55	3,381.40	3.14	KS3	4,536.00	4,917.48	4,768.39	3.13
					KS4	5,112.00	5,541.92	5,373.64	3.13
Free School Meals	470.00	509.53	498.06	2.30		470.00	509.53	498.06	2.30
FSM Ever 6	590.00	639.62	622.58	2.74		865.00	937.75	909.50	3.11
IDACI A	640.00	693.82	671.30	3.36		890.00	964.85	936.57	3.02
IDACI B	490.00	531.21	514.30	3.29		700.00	758.87	736.26	3.07
IDACI C	460.00	498.69	481.82	3.50		650.00	704.67	682.13	3.30
IDACI D	420.00	455.32	443.92	2.57		595.00	645.04	627.99	2.72
IDACI E	270.00	292.71	281.51	3.98		425.00	460.74	449.34	2.54
IDACI F	220.00	238.50	232.79	2.45		320.00	346.91	335.65	3.36
Low Prior Attainment	1,130.00	1,225.03	1,185.60	3.33		1,710.00	1,853.81	1,797.35	3.14
EAL	565.00	612.52	595.51	2.86		1,530.00	1,658.67	1,607.87	3.16
Mobility	925.00	1,002.79	974.47	2.91		1,330.00	1,441.85	1,396.73	3.23
Lump sum	121,300.00	131,501.33	127,546.77	3.10		121,300.00	131,501.33	127,546.77	3.10
Minimum Funding Level	4,265.00	4,265.00	4,180.00	2.03	KS3	5,321.00	5,321.00	5,215.00	2.03
					KS4	5,831.00	5,831.00	5,715.00	2.03
					Weighted	5,525.00	5,525.00	5,415.00	2.03
Minimum Funding Guarantee	0.5% - 2.00%	1.75%	0.5% - 2.00%	tba		0.5% - 2.00%	1.75%	0.5% - 2.00%	tba