



Schools Funding Forum 21 October 2021

ITEM 6

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 announcement of indicative DSG Schools Block funding for financial year 2022-23 and provides options on a transfer of funding to the High Needs Block, meeting the cost of pupil growth and falling rolls and allocating the funding to schools.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) considers the options presented on allocating funding to schools for 2022-23
- (ii) considers a transfer of funding from the Schools Block to the High Needs Block
- (iii) considers the funding of pupil growth and falling rolls
- (iv) agrees to a consultation with schools on an appropriate formula allocation or range of options, the funding of pupil growth and falling rolls, and a transfer of funding from the Schools Block to the High Needs Block

REPORT DETAIL

1. Background

In 2018-19 a “soft” National Funding Formula (NFF) was implemented. In that year, and in subsequent years, Havering has used the NFF rates in calculating funding for its schools. The DfE held a consultation on moving to a “hard” NFF in July – September 2021. The outcome of this is not yet known and any changes will not take effect until 2023-24. Arrangements for 2022-23 are largely unchanged. At their meeting held on 23 September 2021, the Schools Funding Forum agreed that NFF funding rates should again be used in the calculation of schools’ funding allocations for 2022-23.

Since the introduction of the soft NFF the Schools Funding Forum has made decisions each year on whether funding should be transferred from the Schools Block to the High Needs Block of the Dedicated Schools Grant (DSG) and whether to supplement the funding received from the DfE for growth and falling rolls.

The Schools Funding Forum has then gone on to make decisions on the minimum funding guarantee (MFG) and a gains cap. For 2021-22, the MFG was set at +1.75% and there was no gains cap. In 2020-21 a gains cap of 4% was applied to limit the gains of schools that would otherwise have received more.

2. DSG Schools Block 2022-23

The DfE has announced indicative funding for 2022-23 through the DSG Schools Block. The figures were reported to the Schools Funding Forum at their last meeting but are shown again below.

The first table below shows indicative funding 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 funding for 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 2022-23 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

The Schools Block also includes funding for pupil growth. Using a growth calculator tool provided by the DfE, the LAs current estimate of growth funding for 2022-23 is £1.5m. This will be insufficient to meet the cost of funding growth and falling rolls on the current basis.

3. NFF Funding Rates

The NFF Funding rates for 2022-23 are shown at Appendix A, together with the rates for 2021-22. The NFF Basic per pupil funding rate has increased by 3.0%. The Area Cost Adjustment (ACA), which recognises higher costs in London, has increased slightly from 1.08274 to 1.08410 for Havering. This means the Basic per pupil rate for Havering has risen by 3.14% for Key Stages 1 and 2 and by 3.13% for Key Staged 3 and 4.

4. 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%. This means that where the per pupil funding for a school has risen by less than the MFG rate, the increase will be topped up to the level of the MFG.

Local Authorities can also apply a cap on the percentage gains per pupil that schools will receive to ensure that the total amount allocated to schools does not exceed the Schools Block funding. The gains cap is applied to schools that would otherwise receive a higher per pupil increase. This will be determined by the level of affordability once the amount required for MFG is calculated.

In calculating funding to schools in 2021-22 an MFG of 1.75% was applied and there was no gains cap.

5. Minimum Per Pupil Funding Level

In allocating funding to schools LAs need to ensure that minimum pupil funding levels are met. For 2022-23 these are set at £4,265 for primary schools and £5,525 for secondary schools, a rise of 2.0% on the rate for last year.

6. Transfers between DSG blocks

For 2022-23, with the agreement of the Schools' Funding Forum, LAs will continue to be able to transfer up to 0.5% of their Schools Block to other DSG blocks. Using the indicative figure for 2022-23, this equates to £1,006,000. There was no transfer from the Schools Block to the High Needs Block in 2021-22. In 2020-21 the Forum voted to transfer £500k from the Schools Block to the High Needs Block.

7. School Funding Options

At this stage, all calculations are based on October 2020 data. These show the sums that each school would receive if there were no changes in pupil numbers or other data since October 2020 but using the 2022-23 funding rates.

Once the revised data is received in December, the LA will apply the NFF funding factors for each school to the data from the October 2021 census. Until the October 2021 data is received from the DfE it is not possible to calculate final figures for 2022-23. Minor changes may be needed to any decisions made by the Forum prior to the calculation of final funding figures.

Given that the LA is using the NFF factors and rates to allocate funding to schools, the options to be considered are whether to transfer funding from the Schools Block to the High Needs Block, the level of the minimum funding guarantee and the level of any gains cap.

A summary of two possible options is shown below. The impact on individual schools, shown anonymously, will be circulated at the meeting.

Based on current figures, it is possible to allocate funding to schools with the maximum permitted MFG of 2% and no gains cap. This is shown as Option A. With a minor overspend, it would also be possible to allocate the additional funding required for growth and falling rolls.

If funding is transferred from the School Block to the High Needs Block, then it is necessary to reduce the MFG and include a gains cap. An MFG of 1% together with a gains cap of 2.5% would enable a transfer of 0.5% from the Schools Block to the High Needs Block, and the allocation of additional funding for growth and falling rolls. This is shown as Option B.

Option	MFG	Cap	DSG remaining £000s	No. of schools on MFG		No of schools capped		Cost of MFG £000s	Saving from cap £000s
				Prim.	Sec.	Prim.	Sec.		
A	2.0%	-	605	0	3	-	-	609	0
B	1.0%	2.5%	1,804	0	2	50	14	455	1,045

Havering has 60 primary schools and 18 secondary schools

8. Pupil Growth and Falling Rolls Fund

In 2019-20 the DfE introduced a formula for the allocation of growth funding to LAs. This is based on multiplying the difference between the October data in one year and the previous year and multiplying that difference by £1,485 per primary pupil and £2,220 per secondary pupil, an increase of 2.1% from 2021-22. These arrangements, based on lagged data, do not support LAs with a growing number of pupils.

Havering's funding has reduced significantly since this funding mechanism was introduced

2018-19	£3.3m
2019-20	£2.5m
2020-21	£1.6m
2021-22	£1.6m
2022-23*	£1.5m

* The figure for 2022-23 is a locally calculated estimate.

Havering's formula for allocating growth funding is as follows:

Primary

Single form of entry expansion or bulge class

28 pupils x AWPU £3,381.40 x 7/12 (Sept – March) = £55,230

This is repeated as the cohort moves through the school to recognise the need to open an additional class and appoint additional staff until the school has reached its new PAN in every year group.

It is expected that bulge classes will fill and therefore funded the following year by the pupils on roll but if they do not fill the funding is protected up to 28 pupils.

Secondary

Expansion or bulge class

Smaller increases in numbers are expected to be absorbed into existing classes. This is reflected in the pupil numbers funded as follows, using an example of an increase in PAN from 180 to 210.

Increase = 30 less 1 pupil absorbed into each of the existing 6 classes = 24 to be funded

e.g. 24 pupils x AWPU £4,768.39 x 7/12 (Sept – March) = £66,757

This is repeated as the cohort moves through the school to recognise the need to open an additional class and appoint additional staff until the school has reached its new PAN in every year group.

For 2022-23 it is currently estimated that the costs will be as follows:

Primary

New expansions in September 2022	0	£0
Expansions from previous years	8	£514,015
New bulge classes in September 2022	1	£55,230
Unfilled bulges from previous years	1	£11,271
Infant class sizes	1	£47,340
		<hr/> £627,856

Secondary

New expansions in September 2022	0	£0
Expansions from previous years	5	£367,308
New bulge classes in September 2022	0	£0
Bulges from previous years	0	£0
		<hr/> £367,308

TOTAL GROWTH £995,164

This budget must also fund schools with falling rolls

The DfE regulations require this to be good and outstanding schools only and when the capacity is likely to be filled in 3 years.

Havering's formula is as follows:

PAN x 90% minus NOR in YrR/Yr3/Yr7 x AWPU x 90%
Plus
PAN x 90% minus NOR in Yr1/Yr4/Yr8 x AWPU x 50%

It is estimated that this will cost £182,974 in 2022-23.

Havering also has local arrangements that support primary schools that have significantly and consistently low numbers in some year groups. It is estimated that this will cost £994,131 for 25 schools.

Total funding requirement	<u>£2,172,269</u>
Estimated DfE allocation	£1,491,267
Shortfall	£681,002

The options for consideration are to either reduce the amount of funding allocated to all or some of the categories above, to top slice the Schools Block by £681k or a combination of a reduction and a lower top slice.

ITEM 6 Appendix A

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 Per Pupil 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%	tbd		0.5% - 2.00%	1.75%	0.5% - 2.00%	tbd