



Schools Funding Forum 13th January 2022

ITEM 4

Subject Heading:

Schools Funding Formula 2022-23

Report Author:

**Nick Carter – Principal Finance Officer
(Schools)**

Eligibility to vote:

All school and academy members

SUMMARY

This report details the Local Authority's recommendations on the funding of Havering's schools and academies for the financial year 2022-23, following release of the October 2021 census data and Schools Block allocation by the DfE.

RECOMMENDATIONS

The Schools Funding Forum agrees that:

- (i) Havering adopts the national funding formula rates for the funding of schools and academies in financial year 2022-23 with a minimum funding guarantee of 1.2% per pupil and a gains cap of 2.8%.
- (ii) £1,028,678 (0.5%) of the DSG Schools Block is transferred to the DSG High Needs Block
- (iii) £680,000 of the DSG Schools Block is used to support Pupil Growth and Falling rolls in addition to the £1,525,109 funding received for this

REPORT DETAIL

1. Schools Block Funding 2022-23

In July 2021 the Department for Education (DfE) released indicative funding allocations for 2022-23 using 2022-23 National Funding Formula (NFF) rates but with data values taken from the October 2020 census. Following discussion at the Schools' Funding Forum, schools were consulted on two funding options for 2022-23. The results of the consultation were presented to the Schools' Funding Forum at the meeting held on 2nd December 2021. 90% of respondents favoured Option B, which was:

- A transfer of 0.5% from the Schools Block to the High Needs Block of the of the Dedicated Schools Grant (DSG)
- Implementation of a package of proposals to increase High Needs funding allocated to schools in 2022-23 by around £2.5m
- Minimum Funding Guarantee (MFG) set at 1.0%
- A gains cap of 0.5%
- £681,022 moved to the Pupil Growth and Falling Rolls Fund

On 16th December 2021 the DfE issued the revised DSG Schools Block allocation to local authorities and on 20th December 2021 issued data from the October 2021 census for LAs to use in calculating their final proposals for funding schools.

There has been an increase in pupil numbers between October 2020 and October 2021 resulting in an increase in the LA's allocation of DSG Schools Block for 2022-23 as follows:

Funding for 2022-23 through the DSG Schools Block:

Financial year	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	38,061	201,779,795	2,430,762	204,210,557	5,365
2022-23 indicative	37,478	198,818,062	2,430,762	201,248,824	5,370
2021-22	36,979	190,978,314	2,241,195	193,219,509	5,225
Difference 2021-22 to 2022-23	1,082	10,801,481	189,567	10,991,048	140
				5.69%	2.68%

The table above shows the comparison of 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 Schools Block funding for 2022-23.

Financial year	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Premises Factors £	Total Funding (excluding pupil growth) £
2022-23	4,667	6,285	23,137	14,924	201,779,794	2,430,762	204,210,557
2022-23 indicative	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	195,837,064
Difference 2021-22 to 2022-23	108	188	436	147	8,183,925	189,567	8,373,542
							4.28%

Total Schools Block funding including funding for pupil growth is as follows:

Financial year	Pupil Funding £	Premises Factors £	Pupil Growth £	Total £
2022-23	201,779,794	2,430,762	1,525,109	205,735,666

Havering's total Schools Block allocation for 2022-23, including funding for growth, has increased by £8.3m (4.2%) compared to 2021-22. The increase in pupil numbers of 583 accounts for £3.0m (1.5%) of this, with £5.3m (2.7%) the result of a rise in the funding rates.

With total Schools Block funding of £205,735,666, the 0.5% transfer to the High Needs Block now equates to £1,028,678.

The pupil growth funding allocation for 2022-23 is £71,842 less than the previous year. It is £33,842 more than was estimated by the LA using the calculator provided by the DfE.

Financial year	Funding £
2022-23	1,525,109
2022-23 LA estimate	1,491,267
2021-22	1,596,951
Difference 2020-21 to 2021-22	-71,842

Based on the estimated allocation for pupil growth and falling rolls, the LA calculated that £681k would need to be transferred from the School Block in order to maintain funding to schools at previous levels. This was the figure used in the consultation with schools and agreed by the Schools Funding Forum.

Unlike in previous years, the estimated cost of pupil growth in 2022-23 did not include any provision for new bulge classes. The LA is proposing that the transfer to the Pupil Growth and Falling Rolls fund remains at £681k and that the additional £33,842 is used as a provision for new bulge classes.

2. Schools Block Funding 2022-23

School funding allocations for 2022-23 were re-calculated using the October 2021 data set released by the DfE.

In line with Option B of the funding consultation:

- £1,028,678 was transferred from the Schools Block to the High Needs Block
- £681,022 was transferred to the Pupil Growth and Falling Rolls Fund
- the Minimum Funding Guarantee was set at 1.0%
- a gains cap of 2.5% was applied

This resulted in an overall position as follows:

MFG 1%, Gains cap 2.5%	£
Total Schools Block as above	205,735,666
Less: transfer to High Needs	1,028,678
Less: required for growth DfE allocation	1,525,109
Less: additional sum required for growth	681,022
Schools Block available	202,500,857
Allocated through formula	202,023,449
Unallocated	477,408

With £477,408 unallocated the figures were reworked using an increased Minimum Funding Guarantee and an increased gains cap. With an MFG of 1.2% and a gains cap of 2.8% the overall position is as follows:

MFG 1%, Gains cap 2.8%	£
Schools Block available	202,500,857
Allocated through formula	202,444,940
Unallocated	55,916

The table below shows the number of schools subject to MFG or a gains cap in the provisional calculations with an MFG of 1.0% and a gains cap of 2.5%, in the final calculations with an MFG of 1.0% and a gains cap of 2.5%, and in the final calculations with an MFG of 1.2% and a gains cap of 2.8%.

Option	MFG	Cap	No. of schools on MFL		No. of schools on MFG		No of schools capped		Cost of MFG £000s	Saving from cap £000s
			Prim.	Sec.	Prim.	Sec.	Prim.	Sec.		
Provisional	1.0%	2.5%	7	0	0	2	48	14	455	1,046
Final	1.0%	2.5%	6	0	1	2	45	13	456	1,798
Final	1.2%	2.8%	6	0	1	3	41	12	489	1,409

The formula on which schools are to be funded in 2022-23 has to be submitted to the EFSA by 21st January 2022. The LA is proposing to submit a formula using the NFF formula and funding factors, with an MFG of 1.2%, a gains cap of 2.8% and the use of £681k to support the pupil growth fund.

The proposed funding allocations at individual school level will be circulated to Schools Funding Forum members at the meeting.