



Havering
LONDON BOROUGH

Schools Funding Forum 22nd September 2022

ITEM 5

Subject Heading:

Schools Funding 2023-24

Report Author:

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

Eligibility to vote:

All school and academy members

SUMMARY

This report summarises the announcement of indicative DSG Schools Block funding for financial year 2023-24

RECOMMENDATIONS

That the Schools Funding Forum

- (i) notes the announcements on schools funding for 2023-24
- (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 2023-24

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 2023-24 can be found on the DfE website at:

<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2023-to-2024/schools-operational-guide-2023-to-2024>

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

2. Background

Financial year 2018-19 saw the implementation of a “soft” National Funding Formula and for that year and subsequently 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 2022-23, the mfg was set at +1.2% and there was a gains cap of 2.8%. This was after using £681,000 of the Schools Block to support the Pupil Growth/Falling Rolls Fund and after £1,029,000 was transferred to the High Needs Block.

For 2023-24 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 2023-24

Key changes for 2023-24

The Schools Supplementary Grant will be rolled onto the National Funding formula by:

- Adding an amount representing what schools receive into the baseline budgets

- Adding the value of the lump sum, basic per pupil rates and FSM Ever 6 parts of the grant into the respective NFF factors. These amounts are shown on Appendix C

NFF factors will be increased (on top of additional sum for Schools Supplementary Grant) by:

- 4.3% for FSM Ever6
- 2.4% for basic entitlement, low prior attainment, FSM, EAL, mobility and the lump sum

Funding for 2023-24

Indicative funding for 2023-24, through the DSG Schools Block, has been announced by the DfE as shown in the table in which it is compared to the baseline data from 2022-23 (i.e. the figures received at the same point in the last funding cycle).

	Pupil Numbers	Schools Block allocation excluding pupil growth and premises factors £	Allocation through premises factors £	Schools Supplementary Grant £	Total allocation (excluding pupil growth) £	Allocation per pupil £
2023-24	38,061.5	212,548,940	2,440,293	0	214,989,233	5,648.47
2022-23	38,061.5	201,779,795	2,430,762	6,072,320	210,282,877	5,524.82
increase	0	10,769,145	9,531	-6,072,320	4,706,356	123.65
% increase					2.24%	2.24%

The Schools Block funding for 2023-24 shown above will be updated in December using pupil numbers from the October 2022 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 2023-24 funding against the baseline figure for 2022-23. This is not the final allocation that the LA received in 2022-23. This is shown in the table below together with the indicative Schools Block funding for 2023-24.

	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Schools Supplementary Grant £	Rates (NNDR) £	Total Funding £
2023-24 (Jul-22)	4,912.04	6,626.62	23,137.0	14,924.5	212,548,940	0	2,440,293	214,989,233
2022-23 (Dec-21)	4,666.87	6,285.13	23,137.0	14,924.5	201,779,794	6,072,320	2,430,762	210,282,876
Diff	245.17	341.49	0.0	0.0	10,769,147	-6,072,320	9,531	4,706,357

As already stated, the final Schools Block allocation for 2023-24 will be provided by the DfE in December based on the October 2022 census.

4. NFF Funding rates

The comparison between NFF funding rates to be used in the 2023-24 formula and those used for 2022-23 is shown in Appendix C

5. Minimum Funding Guarantee and Gains Cap

For 2023-24 the range for the minimum funding guarantee (mfg) percentage that local authorities can apply is 0.0% - 0.5%. Local Authorities can also apply a cap on the percentage gains per pupil that schools will receive in order to ensure that the total amount allocated to schools does not exceed the total Schools Block funding. Last year the range permitted for mfg was 0.5% - 2.0%. In Havering an mfg of 1.2% was applied, with a gains cap set at 2.8%.

6. Pupil Growth and Falling Rolls Fund

In 2019-20 the DfE introduced a formula to allocate growth funding to LAs. For 2023-24 this is based on multiplying the difference between the October data in one year to the previous year and multiplying that difference by £1,650 per primary pupil and £2,470 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 since the introduction of a formula.

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

For 2022-23 the LA had calculated that the cost of funding pupil growth and falling rolls would be £2.2m and the Schools Funding Forum agreed to allocate £681k 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 and commitments to fund bulge classes in which pupil numbers are significantly below the number required to fund the additional teaching costs etc. For 2022-23 the AWPU for 2021-22 was used to allocate funding.

e.g. for a primary school expansion

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

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.

As part of the move to a direct National Funding Formula, the DfE is consulting on changes to the way that LAs are permitted to allocate funding for growth and falling rolls, although in the second stage consultation document they are recommending the continuation of some local discretion.

Written questions, answers and statements

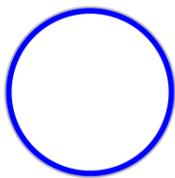
UK Parliament > Business > Written questions, answers and statements > Find written statements > HCWS225

School Funding Update

Statement made on 19 July 2022

Statement UIN HCWS225

Statement made by

	Will Quince The Minister of State for School Standards Conservative	>
	Colchester	

Statement

Today I am confirming provisional funding allocations for 2023-24 through the schools, high needs and central school services national funding formulae (NFF). Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5bn in 2023-24 compared to the previous year, on top of the £4bn increase in 2022-23.

High needs funding is increasing by a further £570m, or 6.3%, in 2023-24 – following the £2.6 billion increase over the last three years. This brings the total high needs budget to over £9.7bn. All local authorities will receive at least a 5% increase per head of their 2-18 population, compared to their 2022-23 allocations, with some authorities seeing gains of up to 7%. Alongside our continued investment in high needs, the Government remains committed to ensuring a financially sustainable system where resources are effectively targeted to need. The consultation on the SEND and Alternative Provision Green Paper closes on 22 July, and the Government will confirm the next steps in implementing our reform programme later this year.

Funding for mainstream schools through the schools NFF is increasing by 1.9% per pupil compared to 2022-23. Taken together with the funding increases seen in 2022-23, this means that funding through the schools NFF will be 7.9% higher per pupil in 2023-24, compared to 2021-22.

The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2023-24 are:

- The core factors in the schools NFF (such as basic per-pupil funding, and the lump sum that all schools attract) will increase by 2.4%.
- Funding for disadvantaged pupils will see greater increases – with funding for two deprivation factors in the NFF increasing by a greater amount than other factors. These two factors (relating to pupils who have been eligible for free school meals at any point over the last six years, and the IDACI factor which relates to relative deprivation between local areas) will increase by 4.3% compared to their 2022-23 values.
- The funding floor will ensure that every school attracts at least 0.5% more pupil-led funding per pupil compared to its 2022-23 NFF allocation.
- The minimum per pupil funding levels (MPPLs) will increase by 0.5% compared to 2022-23. This will mean that, next year, every primary school will receive at least £4,405 per pupil, and every secondary school at least £5,715. Academy trusts continue to have flexibilities over how they allocate funding across academies in their trust. This means, in some cases, an academy could receive a lower per-pupil funding amount than the MPPL value. This means that, for example, activities that are paid for by the

receive a lower per-pupil running amount than the MPPPL value. This may reflect, for example, activities that are paid for by the trust centrally, rather than by individual academies.

- The 2022-23 schools supplementary grant has been rolled into the schools NFF. Adding the grant funding to the NFF ensures that this additional funding forms part of schools' core budgets and will continue to be provided.

We are targeting a greater proportion of schools NFF funding towards deprived pupils than ever before- with 9.8% of the schools NFF allocated to deprivation in 2023-24. This will help schools in their vital work to close attainment gaps and level up educational opportunities. In 2023-24, schools in the highest quartile of deprivation (measured by the percentage of pupils who have been eligible for free school meals over the past 6 years) will, on average, attract larger per-pupil funding increases than less deprived schools.

As previously confirmed in the Government's response to the consultation on completing our reforms to the NFF, 2023-24 will also be our first year of transition to the "direct" schools NFF – with our end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. In 2023-24 local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except the locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2022-23, unless their local formulae are already so close to the NFF that they are classed as "mirroring" the NFF. This follows the positive response to these proposals in the consultation last year. Alongside the NFF publications, today we have published an analysis of the impact of this initial move towards the direct NFF in the [National Funding Formula for Schools and High Needs 2023-24 policy document](#).

Central school services funding is provided to local authorities for the ongoing responsibilities they have for all schools. The total provisional funding for ongoing responsibilities is £292 million in 2023-24. In line with the process introduced for 2020-21, to withdraw funding over time for the historic commitments local authorities entered into before 2013-14, funding for historic commitments will decrease by a further 20% in 2023-24.

Confirmed allocations of schools, high needs and central schools services funding for 2023-24 will be published in December. These will be based on the latest pupil data at that point.

Statement from

Department for Education



Linked statements

This statement has also been made in the House of Lords

Department for Education



School Funding Update



[Baroness Barran](#)

The Parliamentary Under Secretary of State for the School System
Conservative, Life peer

Statement made 19 July 2022

HLWS223

Lords



Education & Skills
Funding Agency

Extracts from:

Schools revenue funding 2023 to 2024

Operational guide

July 2022 Publication

1 Introduction

1. This guide helps local authorities and their schools forums, to plan the local implementation of the funding system for the 2023 to 2024 financial year.
2. Following last year's consultation on completing our reforms to the national funding formula the department has confirmed that it will move forward with its plans to implement a direct national funding formula (NFF), whereby funding will be allocated directly to schools based on a single, national formula. As set out in the consultation response, we are taking a gradual approach to transition. In 2023 to 2024, each local authority will continue to set a local schools funding formula, in consultation with local schools. To ensure a smooth transition, local authorities will be required to start bringing their own formulae closer to the schools NFF from 2023 to 2024.

2 Expiry or review date

This guidance is current for the 2023 to 2024 funding year.

3 Who is this publication for?

This guidance is for:

- local authorities
- schools forums

4 Changes in 2023 to 2024

The department has published the NFF for 2023 to 2024. A summary of the formula is set out in the [NFF policy document](#), with more detailed information available in the [NFF technical note](#). NFF changes which affect local formulae arrangements are also covered in this guidance.

. Key changes to the schools NFF in 2023 to 2024 are:

- rolling the 2022 to 2023 schools supplementary grant into the NFF by:
 - adding an amount representing what schools receive through the grant into their baselines
 - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
 - uplifting the minimum per pupil values by the supplementary grant's basic per-pupil values, and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants
- increasing NFF factor values (on top of the amounts we have added for the schools supplementary grant) by:
 - 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)
 - 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
 - 0.5% to the floor and the minimum per pupil levels (MPPL)
 - 0% on the premises factors, except for Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 11.2% for the year to April 2022

Note - The Area Cost Adjustment for Havering has increased from 1.08410 to 1.08553. 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.

4.1 Transition requirements to bring local formulae closer to the NFF

As set out in the [response](#) to the consultation on the direct NFF, local authorities will be required to bring their own formulae closer to the schools NFF from 2023 to 2024. In particular:

- local authorities will only be allowed to use NFF factors in their local formulae. This means that **the looked after children (LAC) factor** will no longer be an allowable factor
- local authorities **must use all NFF factors** – except for the locally determined premises factors which remain optional, and the fringe factor which is compulsory for the 5 local authorities on the fringe. This means that local authorities will have to use all 3 deprivation factors (FSM, FSM6 and IDACI), as well as LPA, EAL, mobility, sparsity and the lump sum
- local authorities must **move their local formula factor values at least 10% closer to the NFF**, except where local formulae are already mirroring the NFF. These criteria do not apply to locally determined factors – notably the premises factors. Details of how we calculate the 10% move are given below
- local authorities must use **the NFF definition for the EAL factor**, although flexibility over the sparsity factor methodology will remain in 2023 to 2024

4.2 Minimum Funding Guarantee (MFG)

Local authorities have the freedom to set the MFG in their local formulae between +0.0% and +0.5% per pupil.

4.3 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.

4.4 Deficit Management

The department is now running 3 programmes with the aim of securing sustainable management of local authorities' high needs systems. The existing safety valve intervention programme has been expanded this year, targeting those local authorities with the highest historic deficits, while the new delivering better value programme will work with the local authorities with less severe deficits. The continuing EFSA support programme will offer support to those remaining local authorities, tailored to their financial position.

6 Notional SEN budgets

Local authorities are required to identify a notional budget for their mainstream schools which helps them comply with their duty to use their 'best endeavours' to meet the special educational needs (SEN) of their pupils. The notional SEN budget is not a separate budget, but is identified within a maintained school's delegated budget share, or an academy's general annual grant, and is calculated by local authorities using their local mainstream schools funding formula factors.

We've published separate guidance to help local authorities review their notional SEN budget calculations, and to help schools understand what the notional SEN budget is for. All authorities should keep this calculation under review to make sure that their schools' notional SEN budget is a realistic amount for meeting the costs of additional SEN support up to £6,000 per pupil, and that any shortfall in this notional budget can be appropriately met from additional high needs

targeted funding. High needs top-up funding should be allocated in addition to the notional SEN budget for SEN support costs in excess of £6,000 per pupil.

Further guidance can be found in the notional SEN budget for mainstream schools operational guide. Local authorities can also review other authorities' current [notional SEN budget calculations](#).

7 Reviewing and consulting on the pre-16 formula

Local authorities must 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 their local funding formulae, including the principles adopted and any movement of funds between blocks.

Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies.

Local authorities also need to set out how their proposals meet the requirements to move the local formulae towards the NFF.

Local authorities should communicate proposed formula changes to all bodies affected by the changes.

The local authority is responsible for making the final decisions on their formula; each local authority's process should ensure that there is sufficient time to gain political approval before the APT deadline in January 2023.

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.

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.

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

NFF rates 2023/24

Area Cost Adjustment

1.08553

Factor	Primary				Secondary				
	2023/24		2022/23 % change		2023/24		2022/23 % change		
	NFF	LBH	LBH	LBH	NFF	LBH	LBH	LBH	
	£	£	£	£	£	£	£	£	
Basic per pupil	3,394.00	3,684.29	3,487.55	5.64	KS3	4,785.00	5,194.26	4,917.48	5.63
<i>excl SSG</i>	3,294.67	3,576.47	3,487.55	2.55	KS4	5,393.00	5,854.26	5,541.92	5.64
Free School Meals	480.00	521.05	509.53	2.26	KS3	4,644.71	5,041.97	4,917.48	2.53
FSM Ever 6	705.00	765.30	639.62	19.65	KS4	5,234.28	5,681.97	5,541.92	2.53
<i>excl SSG</i>	616.35	669.06	639.62	4.60					
IDACI A	670.00	727.31	693.82	4.83		930.00	1,009.54	964.85	4.63
IDACI B	510.00	553.62	531.21	4.22		730.00	792.44	758.87	4.42
IDACI C	480.00	521.05	498.69	4.49		680.00	738.16	704.67	4.75
IDACI D	440.00	477.63	455.32	4.90		620.00	673.03	645.04	4.34
IDACI E	280.00	303.95	292.71	3.84		445.00	483.06	460.74	4.84
IDACI F	230.00	249.67	238.50	4.68		335.00	363.65	346.91	4.83
Low Prior Attainment	1,155.00	1,253.79	1,225.03	2.35		1,750.00	1,899.68	1,853.81	2.47
EAL	580.00	629.61	612.52	2.79		1,565.00	1,698.85	1,658.67	2.42
Mobility	945.00	1,025.83	1,002.79	2.30		1,360.00	1,476.32	1,441.85	2.39
Lump sum	128,000.00	138,947.84	131,501.33	5.66		128,000.00	138,947.84	131,501.33	5.66
<i>excl SSG</i>	124,231.68	134,857.22	131,501.33	2.55		124,231.68	134,857.22	131,501.33	2.55
Minimum per pupil funding level (MPPL)	4,405.00	4,405.00	4,265.00	3.28		5,715.00	5,715.00	5,525.00	3.44
<i>excl SSG</i>	4,285.41	4,285.41	4,265.00	0.48		5,551.99	5,551.99	5,525.00	0.49
Minimum Funding Guarantee	0.0%-0.5%	tba	1.2%			0.0%-0.5%	tba	1.2%	
Gains cap			2.8%					2.8%	

Supplementary grant sums consolidated into NFF funding rates for 2023-24

	£	Adjustment to MPPL	£
Basic per pupil - Primary	97.00	Primary	119.00
Basic per pupil - KS3	137.00	KS3	155.00
Basic per pupil - KS4	155.00	KS4	173.00
Primary FSM6	85.00		
Secondary FSM6	124.00		
Lump sum	3,680.00		