



Subject Heading:

Schools Funding Formula 2024-25

Report Author:

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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 2024-25, following release of the October 2023 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 2024-25 with a minimum funding guarantee of 0.50% per pupil and a gains cap of 2.50%
- (ii) £1,188,080 (0.50%) of the DSG Schools Block is transferred to the DSG High Needs Block
- (iii) £146,444 of the DSG Schools Block is used to support Pupil Growth and Falling rolls in addition to the £2,065,774 funding received for this

REPORT DETAIL

1. Schools Block Funding 2023-24

In July 2023 the Department for Education (DfE) released indicative funding allocations for 2024-25 using 2024-25 National Funding Formula (NFF) rates but with data values taken from the October 2022 census.

However, on 6th October 2023 the DfE published revised provisional allocations for 2024-25 for the schools National Funding Formula (NFF). The DfE uncovered an error made by officials during the initial calculations of the NFF.

The revised October 2023 NFF allocations resulted in a fall of £2.1m in the provisional funding allocation for Havering, and the consultation proposals were based on the revised allocation.

Following discussion at the Schools' Funding Forum, schools were consulted on two funding options for 2024-25. The results of the consultation were presented to the Schools' Funding Forum at the meeting held on 30th November 2023. 72% of respondents favoured Option A, which was:

- A transfer of 0.50% from the Schools Block to the High Needs Block of the of the Dedicated Schools Grant (DSG)
- High Needs funding rates for 2023-24 retained as the base rate for 2024-25
- Minimum Funding Guarantee (MFG) set at 0.50%
- A gains cap of 2.40%
- £500,000 moved to the Pupil Growth and Falling Rolls Fund

On 19th December 2023 the DfE issued the revised DSG Schools Block allocation to local authorities and the data from the October 2023 census for LAs to use in calculating their final proposals for funding schools.

There has been an increase in pupil numbers between October 2022 and October 2023 resulting in an increase in the LA's allocation of DSG Schools Block for 2024-25 as follows:

Funding for 2024-25 through the DSG Schools Block:

Financial year	Pupil Numbers	Schools Block allocation excluding pupil growth and premises factors £	Allocation through premises factors £	Mainstream School Additional Grant * £	Total allocation (excluding pupil growth) £	Allocation per pupil £
2024-25	39,654.0	233,444,021	2,106,176	-	235,550,197	5,940
2024-25 indicative	38,898.0	228,849,983	2,106,175	-	230,956,158	5,937
2023-24	38,898.0	217,322,297	2,440,293	7,479,093	227,241,683	5,842
Difference 2023-24 to 2024-25	756.0	16,121,724	-334,117	-7,479,093	8,308,514	98
	1.94%				3.66%	1.68%

* Mainstream School Additional Grant 2023-24 consolidated into Schools Block allocation for 2024-25

The table below shows how the final funding figure is calculated. The DfE calculated funding using NFF factors for 2024-25 but with October 2022 data. The total calculated for primary and secondary schools was then divided by the number of pupils in each sector at October 2022. This produced a primary unit of funding (PUF) and a secondary unit of funding (SUF). The final funding figure released in December is calculated by multiplying the PUF and SUF by the number of pupils on roll in each sector at the October 2023 census.

Financial year	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Premises Factor £	Mainstream School Additional Grant * £	Total Funding (excluding pupil growth) £
2024-25	5,171	6,981	23,963.5	15,690.5	233,444,021	2,106,176	-	235,550,197
2024-25 indicative	5,171	6,981	23,584.0	15,314.0	228,849,983	2,106,175	-	230,956,158
2023-24	4,912	6,627	23,584.0	15,314.0	217,322,297	2,440,293	7,479,093	227,241,683
Difference 2023-24 to 2024-25	259	354	379.5	376.5	16,121,724	-334,117	-7,479,093	8,308,514
								3.66%

* Mainstream Schools Additional Grant 2023-24 consolidated into Schools Block allocation for 2024-25

Havering's total allocation for 2024-25, excluding funding for growth, has increased by £8.31m (3.66%) compared to 2023-24. The increase in pupil numbers of 756 accounts for £3.81m (1.68%) of this.

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

Financial year	Pupil Funding £	Premises Factors £	Pupil Growth £	Total £
2024-25	233,444,021	2,106,176	2,065,774	237,615,971

The pupil growth funding allocation for 2023-24 of £2,065,774 is £30,450 higher than figure for 2023-24 and £277,236 higher than the LA estimate used in the calculation of indicative school budget shares.

Financial year	Funding £
2024-25	2,065,774
2024-25 LA estimate	1,788,538
Difference 2024-25 actual to LA estimate	277,236

2023-24	2,035,324
Difference 2023-24 to 2024-25	30,450

The funding received for growth is used to meet both the cost of growth and the cost of support for falling rolls. The LA estimated that £500k would need to be transferred from the School Block in order to maintain funding to schools at previous levels. This was the figure agreed by the Schools Funding Forum at the meeting on 19th October 2023 and used in the consultation with schools.

Following re-calculation, using October 2023 pupil numbers, the LA estimates that £2.212m is required to maintain funding for growth and falling rolls at previous levels. With the increase in funding from the DfE to £2,065,774, only £146,444 now needs to be transferred from the Schools Block and not £500,000 as used when calculating provisional allocations.

2. Formula allocation of 2024-25 Schools Block

School funding allocations for 2024-25 were re-calculated using the October 2023 data set released by the DfE.

In line with Option A of the funding consultation:

- 0.50% (£1,188,080) was transferred from the Schools Block to the High Needs Block
- the Minimum Funding Guarantee was set at 0.50%
- a gains cap of 2.40% was applied

and

- The reduced figure of £146,444 was transferred to the Pupil Growth and Falling Rolls Fund

This resulted in an overall position as follows:

MFG 0.5%, Gains cap 2.4%	£
Total Schools Block as above	237,615,971
Less: transfer to High Needs	-1,188,080
Less: required for growth DfE allocation	-2,065,774
Less: additional sum required for growth	-146,444
Schools Block available	234,215,673
Allocated through formula	234,113,571
Unallocated	102,102

The £102,102 unallocated provided scope for the gains cap to be increased. The Minimum Funding Guarantee (MFG) had already been set at the highest level permitted by the DfE. With the gains cap set at 2.50% the overall position is as follows:

MFG 0.5%, Gains cap 2.50%	£
Schools Block available	234,215,673
Allocated through formula	234,215,673
Unallocated reserve	-

The LA is proposing that the gains cap is set at 2.50%.

The table below shows the number of schools subject to MFG, or a gains cap in:

- (i) the provisional calculations with an MFG of 0.50% and a gains cap of 2.40%
- (ii) the final calculations with an MFG of 0.50% and a gains cap of 2.40%
- (iii) the final calculations with an MFG of 0.50% and a gains cap of 2.50%.

Option	MFG	Cap	No. of schools on MPPL		No. of schools on MFG		No of schools capped		Cost of MFG £000s	Saving from cap £000s
			Prim.	Sec.	Prim.	Sec.	Prim.	Sec.		
Provisional	0.5%	2.4%	1	0	2	1	31	12	103	863
Final	0.5%	2.4%	1	0	3	0	31	8	63	1,768
Final	0.5%	2.5%	1	0	3	0	30	8	63	1,665

The formula on which schools are to be funded in 2024-25 has to be submitted to the DfE by 22nd January 2024. The LA is proposing to submit a formula using the NFF formula and funding factors, with an MFG of 0.50%, a gains cap of 2.50% and the use of £146k to support the pupil growth fund.