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| **Schools Forum 28th September 2021** | Item 4 |

**SUBJECT: National Funding Formula (NFF) for Schools and High Needs 2022-**

 **23 Publication**

**LEAD OFFICER: Pat Harvey**, Interim Principal Accountant, Children, Schools and Families Finance

**RECOMMENDATION**

**That the Forum:**

1. **Notes the recent publication**
2. **Comments on the recent publication**
3. **Purpose of report and executive summary**
	1. The Department for Education (DfE) published on 20 July an update on the policy paper of the National Funding Formula (NFF) 2022-23 and high needs, details can be found <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>.
4. **School Funding Proposals 2022-23**
	1. Proposals are school funding is increasing by 3.2% overall. The funding is based upon the pupils and cohorts core factors increasing within the formula by 3%, but ensuring every school is allocated at least 2% more funding per pupil.
	2. Increase in Sparsity factor in support of small schools and remote schools to £55,000 for primary and £80,000 for all other schools. The calculation or accuracy of this is to identify schools’ remoteness by using road distances instead of straight-line distances and using a new distance “taper”.
	3. Decreasing the funding lag for Free School Meals - Ever 6 (FSM6) deprivation funding factor by 9 months, from using the previous year’s January census to the October census.

2.4 Centralising the business rates payment system for schools, so that Education Skills Funding Agency (ESFA) will pay billing authorities directly on behalf of state funded schools. Schools will still be advised of the estimated rates charge via their school budget share 2022-23 as in previous years.

1. **Notional school budgets 2022-23**

3.1 In support of the government policy proposals, notional school budget allocations calculated by the ESFA have been published ***(for information)*** and attached as Annex 1 to demonstrate the NFF and additional funding of 2% for 2022-23.

3.2 London Borough of Merton (LBM) School Funding Formulae is a locally agreed formula working in collaboration with the Council and School Forum in accordance with the DfE statutory guidelines of implementation of the NFF or hard formula within the timescales.

3.3 It should be noted that LBM local formula factors and funding rates do not mirror the NFF exactly due to agreement of a transitional alignment to the factors to enable as little turbulence to school budgets apart from:

* Growth fund £640k – School Forum approval in January 2021
* High Needs block transfer £656k – School Forum approval in January 2021

3.4 Both growth and high needs block transfer have **not** been included within the published ESFA notional school budget allocations in Annex 1, plus census changes from theautumn census 2021.

3.5 It should also be noted that the published allocation of school notional budges 2022-23 is for **illustrative purposes** and not final school budgets 2022-23. The local authority will be calculating school budgets 2022-23 upon publication of the ESFA Authority Proforma Tool (APT) and Dedicated Schools Grant (DSG) funding as in previous years. School Forum will be approving the school budgets and APT in January 2022, and distributing school budget notifications by 28 February.

3.6 For transparency and reporting to School Forum, a comparison of funding factor rates and proposed NFF rates is detailed as below and LBM 2021-22 rates was reported in January 2021, as part of the School Forum approval of the APT.

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|   | LBM Funding rates | N F F  |
| NFF Funding Factors | 2021-22 LBM rates | Diff +/- from NFF (2021-22) | Range 0%-20% | 2021-22 NFF rates | Proposed 2022-23 NFF rates |
|   | £ | £ | % | £ | £ |
| AWPU-primary (R-Y6) per pupil | £3,386 | £263 | 8% | £3,123 | £3,217 |
| AWPU-secondary (KS3) per pupil | £4,796 | £392 | 9% | £4,404 | £4,536 |
| AWPU-secondary (KS4) per pupil | £5,400 | £437 | 9% | £4,963 | £5,112 |
| FSM (primary/secondary) | £526 | £66 | 14% | £460 | £470 |
| FSM6 (primary) | £655 | £80 | 14% | £575 | £590 |
| FSM6 (secondary) | £953 | £113 | 13% | £840 | £865 |
| IDACI A (primary) | £701 | £81 | 13% | £620 | £640 |
| IDACI B (primary) | £508 | £33 | 7% | £475 | £490 |
| IDACI C (primary) | £473 | £28 | 6% | £445 | £460 |
| IDACI D (primary) | £438 | £28 | 7% | £410 | £420 |
| IDACI E (primary) | £292 | £32 | 12% | £260 | £270 |
| IDACI F (primary) | £245 | £30 | 14% | £215 | £220 |
| IDACI A (secondary) | £982 | £117 | 14% | £865 | £890 |
| IDACI B (secondary) | £730 | £50 | 7% | £680 | £700 |
| IDACI C (secondary) | £678 | £48 | 8% | £630 | £650 |
| IDACI D (secondary) | £625 | £45 | 8% | £580 | £595 |
| IDACI E (secondary) | £473 | £58 | 14% | £415 | £425 |
| IDACI F (secondary) | £350 | £40 | 13% | £310 | £320 |
| Low prior attainment (primary) | £1,245 | £150 | 14% | £1,095 | £1,130 |
| Low prior attainment (secondary) | £1,882 | £222 | 13% | £1,660 | £1,710 |
| EAL (primary) | £625 | £75 | 14% | £550 | £565 |
| EAL (secondary) | £1,683 | £198 | 13% | £1,485 | £1,530 |
| Mobility (primary) | £1,023 | £123 | 14% | £900 | £925 |
| Mobility (secondary) | £1,461 | £171 | 13% | £1,290 | £1,330 |
| Lump sum (both sectors) | £133,000 | £15,200 | 13% | £117,800 | £121,300 |
| Sparsity (primary) | n/a |   |   | £45,000 | £55,000 |
| Sparsity (secondary) | n/a |   |   | £70,000 | £80,000 |
| PFI (RPIX) % | Within contract |   |   | 1.56% | tbc |
| MFG | -1.91% | -0.41% | -2% | 0.5%-2% | -0.5% -2% |

1. **NFF for High Needs 2022-23**
	1. The NFF high needs funding to local authorities will increase by an 8% increase per head of population and capped up to 11% on gains.
	2. Due to recent consultation on the high needs formula the historic spend factor has been updated to use 50% of local authorities’ actual spend data from 2017-18 section 251 reporting. In previous years the historic spend factor had been calculated using local authorities planned spend in 2017-18 rather than actual spend. The DfE are looking at alternative proxies to include within the NFF formula and remove the historic factor in future years.
	3. There is no appropriate 2020 attainment data due to Covid-19 to use for two low attainment factors, and after the recent consultation on using 2019 data as a proxy for 2020, this basis for the 2022-23 high needs allocation has been used, the same approach as schools NFF formula.
	4. The hospital education factor will also be uplifted by 8% as in 2021-22.
2. **Central schools’ services NFF 2022-23**
	1. The central services school block provides funding to local authorities to maintain central functions on behalf of maintained schools and academies.

5.2 The block comprises of two elements: ongoing responsibilities and historic commitments and funding will continue for 2022-23.

1. **Financial, resource and property implications**

6.1 The financial implications are detailed in the main body of this report.

**7. Legal and statutory implications**

* 1. No legal implications at this stage.
1. **Human rights, equalities and community cohesion implications**
	1. None at this stage.
2. **Appendices**

Annex 1 – NFF Published School Allocations 2022-23

1. **Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:**
	1. Centrally held financial information and other papers held by the Children Schools and Families Finance Team.
2. **Report author**

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Further information about Merton Council can be obtained from its web site [www.merton.gov.uk](http://www.merton.gov.uk)

