


### Agenda Item 3

	<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b> <b>SCHOOLS FORUM</b> <b>Tuesday, 11<sup>th</sup> October 2022</b></p>
<p><b>Schools Block National Funding Formula update 2023-24</b></p>	
<p><b>Open</b></p>	
<p><b>Classification - For Scrutiny Review &amp; Comment</b></p>	
<p><b>Key Decision: No</b></p>	
<p><b>Wards Affected: (All Wards); All</b></p>	
<p><b>Accountable Director:</b> Jacqui McShannon, Strategic Director of Children's Services</p>	
<p>Report Authors: Peter Haylock Operational Director for Education and SEND</p> <p>Tony Burton Head of Finance for Children's Services and Education</p>	
<p><b>Purpose of the report</b></p> <p>The report provides a briefing on the National Funding Formulae for schools 2023-24 as published by the Department for Education in July 2022. This sets the scene for the 2023/24 Provisional Schools Block Budget Share Options report later in the agenda.</p>	

1. Funding through the schools NFF is increasing by 1.9% **nationally** in 2023-24, and 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. This increase includes the supplementary grants for 2022/23 now in the 2023/24 funding baseline.

2. For Hammersmith & Fulham the overall increase in schools block funding for 2023-24 based on October 2021 pupil numbers is only 1.67%. This is based on the provisional allocation notified by the ESFA in July 2022 and will be updated in December 2022 following the October 2022 census.
3. The main changes in 2023-24 NFF factors are:
  - the FSM6 and IDACI factors in the schools NFF have been increased by a greater amount than other factors. These factors will increase by 4.3%, compared to their 2022-23 values. This means that a greater proportion of schools NFF funding is directed towards deprived pupils in 2023-24.
  - The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
  - The funding floor will ensure that all schools attract at least 0.5% more pupil-led funding per pupil compared to its 2022-23 NFF allocation.
  - Rolling the 2022-23 school supplementary grant into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.
4. 2023-24 will be the first year of transition to the direct schools NFF which will be a system in which every mainstream school in England is funded through the same national formula without adjustment through local funding formulae.
  - The approach to tightening was confirmed in the government response to the first stage of the consultation on the direct NFF which was completed last year.
  - In 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. In Hammersmith & Fulham this will mean we need to use the IDACI, FSM and FSM6 factors for deprivation but will no longer be able use the LAC factor as in previous years.
  - 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 they are already mirroring the NFF. The DfE has published a set of minimum and maximum values for factors for each local authority.
5. The schools supplementary grant funding has been baselined into the NFF allocations for 2023-24.
  - The schools supplementary grant was introduced to support schools to meet the costs of the Health and Social Care Levy and wider costs in

2022-23. The grant funding in respect of pupils from reception to year 11 (inclusive) is being rolled into the schools NFF from 2023-24.

- The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2023, and that academies will receive from September 2023.
  - To avoid an unfair gap in the support provided to academies, academies will therefore continue to receive separate grant payments up until the end of August 2023. The 5-16 element of the schools supplementary grant will then cease to operate as a separate grant.
6. Local authorities will continue to set a minimum funding guarantee in local formulae, which in 2023-24 must be between +0.0% and +0.5%. This allows them to match the protection in the NFF, which it is expected local authorities to continue to do where possible. Local authorities will again be able to transfer up to 0.5% of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without Schools Forum approval.

#### High Needs Block National Funding Formula for 2023 to 2024

7. The funding floor factor in the high needs national funding formula is 5% per head of 2 to 18 population which means that every local authority will receive at least 5% per head more than received in 2022 to 23. This increase is calculated only on the elements of the formula that are not subject to later updates and is in proportion to estimated population changes. Therefore, a projected decrease in population will result in a lower overall cash percentage increase.
8. The limit on gains in the national funding formula is set at 7% and is calculated based on per head of population using the 2022 to 23 funding baseline which includes the extra supplementary funding allocations announced in December 2021.
9. The basic structure of the high needs national funding formula for 2023 to 24 has not changed from the 2022 to 23 national funding formula. However, due to the Covid-19 pandemic there is no appropriate 2020 or 2021 attainment data to use for the 2 low attainment factors meaning that 2019 data has been used in place for 2020 and 2021 data for the 2023 to 2024 high needs allocations. This aligns with the approach taken in the schools national funding formula.

#### **Special schools Minimum Funding Guarantee (MFG) for 2023 to 2024.**

10. Special schools MFG has been set at 3% per pupil compared to 2021 to 2022 funding levels. This has been set at a level to achieve broad equivalence with the MFG for mainstream schools over the same period.

### **The impact for Hammersmith and Fulham (H&F)**

11. The provisional 2023 to 24 allocations released in July 2022 show that H&F has reached the 7% limit on gains in the national funding formula.
12. Analysis is being undertaken by officers on the impact of the Special schools MFG level of 3% per pupil.
13. A more detailed report on the high needs allocations for 2023 to 24 will be brought to the December 2022 Schools Forum.

### **Report Ends**