

# Public Document Pack



**Meeting:** North Northamptonshire Schools Forum

**Date:** Thursday 20th October 2022

**Time:** 1.00 pm

**Venue:** Remote Meeting via Zoom

**\* Vote required**

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04 *	2021-22 Maintained School Balances and Schools Facing Financial Difficulty in 2022-23	Salik Khan	15 - 26
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016	Homes for Ukraine Funding	Neil Goddard	--
017	Schools Forum Plan	Raj Sohal	--
018	Urgent Business	All	--

Adele Wylie, Monitoring Officer  
North Northamptonshire Council



**Proper Officer**  
**14<sup>th</sup> October 2022**

This agenda has been published by Democratic Services.

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**Next Meeting Date:**

- 14<sup>th</sup> December 2022

**Information on voting**

Every item which requires a decision to be made at a meeting of the Forum will be determined by a majority of the votes of members present and voting on the issue. In the case of an equality of votes the Chair will have a second or casting vote.

School and non-school members are eligible to vote on all matters requiring authorisation or approval except:

- a) de-delegation is limited to the specific primary and secondary phase of maintained schools members;
- b) amendments to the school funding formula, for which the voting is restricted by the exclusion of non-schools members, except for PVI representatives; and

- c) retaining funding for statutory duties relating to maintained schools only is limited to maintained primary, secondary, special and PRU members.

It is the responsibility of the forum member to declare their 'disclosable pecuniary interest'. The forum member can make a short presentation at the start of the agenda item and then not participate in the discussions or vote on the item to which their interest is relevant.

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## **Minutes of a meeting of the North Northamptonshire Schools Forum**

Held at 1.00 pm on Thursday 7th July 2022 as a Remote Meeting via Zoom  
via Zoom

### **Present:-**

#### Members

Paul Wheeler  
Laura Clarke  
Peter French  
Rob Hardcastle  
Annabel Moore  
Angela Prodger

#### Officers

Sariya Bi	Senior Finance Business Partner
Charlotte Franks	Head of the Virtual School for Children in Care
Neil Goddard	Assistant Director for Children's Services
Nichola Jones	Head of SEND
Raj Sohal	Democratic Services Officer
Cathryn Walker	Schools Support Team Manager

### **55 Apologies for non-attendance, Forum membership changes and declarations of interest**

Apologies for non-attendance were received from James Birkett, Nikki Lamond, Siobhan Hearne, Sandra Appleby, Jo Sanchez-Thompson, Lee Hughes and Peter Cantley. Annabel Moore and Peter French were in attendance as substitutes.

### **56 Minutes of meeting held on 17 March and points arising/officer feedback**

RESOLVED that:

The minutes of the meeting held on the 17<sup>th</sup> March were agreed as an accurate record.

### **57 Scheme for Financing Schools**

The Forum considered a report by The Schools Support Team Manager, which outlined all amendments to the scheme for financing schools.

During discussion, the principal points were noted:

- Members queried why payrolls systems for schools had been outsourced and expressed concern that those schools which did remain on the local authority's system had received less support and would soon be forced to become academies.
- Members queried whether all schools had migrated away from the Council's payroll system.

In response, The Schools Support Team Manager clarified that:

- This decision to migrate schools away from the Council's payroll system had been made prior to local authority officers looking at the scheme. The document had been updated accordingly.
- All schools had migrated away, with the exception of one. This sole remaining school would soon operate with a new payroll provider.

The Assistant Director for Children's Services acknowledged members' concerns and explained that certain support services had been delivered through West Northamptonshire Council. The West had since determined that the business case to do so was no longer there therefore, the local authority intended to engage in further conversations with schools to determine what support would look like going forward.

RESOLVED that:

The Forum approved the scheme for financing schools.

## **58 SEND Funding**

The Forum considered a report by The Head of SEND, which outlined updates around SEND funding, arising from the proposals put forward in the SEND review green paper.

The Assistant Director for Children's Services assured Forum members that the local authority would continue to develop support and delivery of high needs block funding, to ensure a sustainable position. The High Needs Block Sub-Committee would meet again in Autumn to develop these ideas further.

During discussion, the principal points were noted:

- Members queried whether officers had considered new housing developments across North Northamptonshire, and demographical changes this would entail, in its assumption that primary place numbers would decrease.
- One member expressed concern that while it seemed that schools would have sufficient capacity for new students, issues of space to accommodate new students on sites could arise.
- Members supported the SEND review green paper's inclusion of strengthening early intervention however, acknowledged that maintained nurseries had faced reductions to high needs funding, which had hindered early intervention.

- Members requested that the local authority would continue to communicate with schools regarding how things like early help intervention funds would be established.
- Members queried what the timescales were for the authority to progress with its proposed next steps around SEND funding.

In response, The Head of SEND clarified that:

- Officers would provide detail following the meeting regarding demographics and how new housing developments would impact SEND funding needs.
- A similar proposal for updated early help funding had been drafted and would be shared with early years settings shortly. The local authority had brought in specific expertise around early years to assist with the development of funding arrangements.
- The next paper, regarding SEND funding, coming to Forum would need to clearly set out proposed timescales for future work, in line with feasibility.

The Assistant Director for Children’s Services explained that additional capacity was built into place planning, since this affected Section 106 agreements. He clarified that new schools were opening across the authority to reflect additional capacity.

The government had allocated SEND capital support, as part of its response to the pressure on the high needs budget. The capital programme as a whole, which included basic need, would be over £20M.

The Vice-Chair posited that it would be key for clear timescales around the next steps of the development of SEND funding to come to the next Forum meeting.

RESOLVED that:

The Forum noted the report.

## **59 Government Consultations**

The Forum considered a report by the Assistant Director for Children’s Services, which outlined the latest consultation by the DfE, regarding the future of the National Funding Formula for mainstream schools.

During discussion, the principal points were noted:

- The Vice-Chair posited that the Schools Forum collaborating with the local authority to put forward a joint submission to the DfE’s consultation would give a strength of opinion. Members of the Forum supported this idea.
- The following members of the Forum volunteered to join a subgroup, to work with local authority officers, to draft a joint submission: Paul Wheeler, Laura Clarke and Rob Hardcastle.

RESOLVED that:

The Forum noted the report.

**60 Schools Forum Plan 2022/23**

The Democratic Services Officer introduced the item and highlighted the following:

- The next meeting of the North Northamptonshire Schools Forum would be held on 20<sup>th</sup> October 2022.

RESOLVED that:

The Forum noted the report.

**61 Urgent Business**

There was none.

There being no further business the meeting closed.



# Agenda Item 3



North  
Northamptonshire  
Council

North Northamptonshire Schools Forum: 20 October 2022

## Agenda Item 3

### DSG Overview - 2021-22 DSG Outturn and 2022-23 DSG Update

#### 1. Background

1.1 This report gives an overview of North Northamptonshire Council's 2021-22 DSG Outturn and an update of 2022-23 DSG.

#### 2. DSG 2021-22

2.1 Table 1 sets out the final outturn position for each of the four DSG blocks for 2021-22. This is followed by an explanation of the position in each of the four blocks.

**Table 1: Summary 2021-22 DSG Outturn Expenditure Against Funding by Block**

DSG Block	2021-22 DSG Funding (March 2022)	2021-22 DSG Expenditure	2021-22 DSG Variance
	£	£	£
Schools (after academies recoupment)	47,915,413	48,253,153	337,740
Central School Services	3,908,081	3,908,081	0
High Needs (after deductions for academies recoupment and direct funding of high needs places by ESFA)	35,958,745	36,148,616	189,871
Early Years	21,007,950	21,689,159	681,209
<b>Total DSG</b>	<b>108,790,189</b>	<b>109,999,009</b>	<b>1,208,821</b>

#### 2.2 Schools Block.

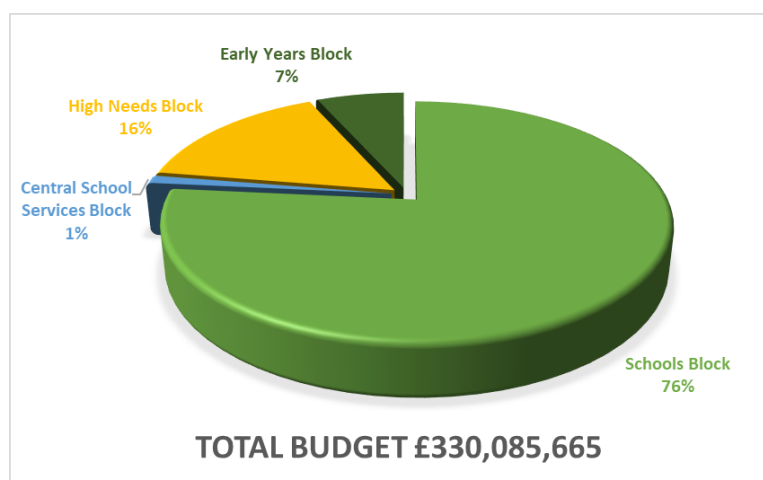
2.2.1 The funding for the Schools Block was allocated in accordance with the Authority Proforma Tool exercise on the mainstream schools funding formula in January 2021. There is an overall overspend of 338K relating to:

- Overspend on Growth Fund – £350,431
- Overspend on De-Delegation Trade Union Facilities – £1,140
- Underspend on De-Delegation Contingency - £13,830

- 2.2.2 **Growth Fund** - 2021-22 growth fund allocation was £0.700m. There was an adjustment on Academy recoupment for growth paid by LA of £0.163m giving a total budget of £0.863m. The outturn was £1.213m resulting in a overspend of £350k. This means a larger slice of the 2023-24 budget will be required from school's block to cover this overspend. This will be explained in the separate growth fund report on the agenda.
- 2.2.3 **De-Delegated Budgets – Contingency for Premature Retirement / Redundancy Costs** - The budget for Contingency for Premature Retirement/ Redundancy Costs was set at £13,830 no costs have been charged to this budget by primary schools. Maintained Primary Schools Forum members are asked to propose the use of this unused Premature Retirements/Redundancy costs which has ceased in 2022-23.
- 2.2.4 **De-Delegated Budgets – Trade Union Facilities Time** - The overspend of £1,140 on this budget has contributed to the overall overspend on the school's block in 2021-22.
- 2.2.5 **De-Delegated Budgets – School Effectiveness** - Spending was contained within the available funding envelope.
- 2.3 Central School Services Block.**
- 2.3.1 Expenditure on Central School Services Block budgets such as Admissions, School Licences, Schools Forum, Statutory and Regulatory Duties for Ongoing Responsibilities were spent within the available funding envelope.
- 2.4 High Needs Block.**
- 2.4.1 Overall High Needs Block Overspent by £189,871 as a result of:
- Overspends in SEN Unit Place & Provision Top Ups, Special School Place Top Ups, Post 16 , Out Of County and SEN Provisions.
  - Repayment of prior year High Needs Block deficit of £1.5m carried forward from the legacy council
  - Underspend in Alternative Provision £1.5m
- 2.4.2 There is a separate report on this agenda which includes more detail about the pressures in the High Needs Block.
- 2.5 Early Years Block.**
- 2.5.1 The ESFA confirmed in November 2021 that the 2020-21 Year end adjustment for Early Years was £268,504. This was accounted for from 2020-21 DSG reserves brought forward from the Legacy Council.
- 2.5.2 2021-22 Early Years Block overspent by £681,209. The Early Years update report on this agenda includes more detail about the pressures on the Early Years Block.

### 3. DSG Funding 2022-23

3.1 The 2022 to 2023 DSG allocations before academies recoupment and deductions for national non-domestic rates and for direct funding of high needs places by Education and Skills Funding Agency (ESFA) are as follows:



Block	Allocation Date: 16 Dec 2021	Allocation Date: 30 Mar 2022	Difference	Allocation Date: 19 July 2022	Difference
Schools Block	£254,876,162	£254,876,162	£0	£254,876,162	£0
Central School Services Block	£3,567,298	£3,567,298	£0	£3,567,298	£0
High Needs Block	£50,115,790	£52,005,755	£1,889,965	£52,370,722	£364,967
Early Years Block	£21,812,758	£21,812,758	£0	£22,271,483	£458,725
<b>Total Gross DSG Allocation</b>	<b>£330,372,008</b>	<b>£332,261,973</b>	<b>£1,889,965</b>	<b>£333,085,665</b>	<b>£823,692</b>

3.2 The increase in DSG funding is due to:

- Additional High Needs Block funding as announced in December 2021 (£1.889m)
- Favourable High Needs Block Import and Export adjustments in July 2022 (£0.365m)
- Recalculation of the Early Years Block indicative funding based on January 2021 and January 2022 census (£0.459m).

3.3 There were DSG deductions for academies recoupment, national non-domestic rates, and direct funding of high needs places by ESFA in 2022-23 of the following amounts:

Block	Allocation Date: 16 Dec 2021	Allocation Date: 30 Mar 2022	Difference	Allocation Date: 19 July 2022	Difference
Schools Block	-£1,720,380	-£207,136,497	-£205,416,117	-£207,136,497	£0
Central School Services Block	£0	£0	£0	£0	£0
High Needs Block	-£10,134,000	-£10,464,835	-£330,835	-£10,440,835	£24,000
Early Years Block	£0	£0	£0	£0	£0
<b>Total DSG Recouped by ESFA</b>	<b>-£11,854,380</b>	<b>-£217,601,332</b>	<b>-£205,746,952</b>	<b>-£217,577,332</b>	<b>£24,000</b>

3.4 The recoupment adjustments were for:

- Academies budget share recoupment deductions £205.416m
- Academies, Free Schools and FE colleges high needs place recoupment deductions £0.331m
- Favourable adjustment for AP Free School places £0.024m

3.5 The following is all the DSG that remained with North Northamptonshire for the maintained schools budget share and the delivery of central schools, high needs and early years services.

Block	Allocation Date: 16 Dec 2021	Allocation Date: 30 Mar 2022	Difference	Allocation Date: 19 July 2022	Difference
Schools Block	£253,155,782	£47,739,665	<b>-£205,416,117</b>	£47,739,665	£0
Central School Services Block	£3,567,298	£3,567,298	£0	£3,567,298	£0
High Needs Block	£39,981,790	£41,540,920	£1,559,130	£41,929,887	£388,967
Early Years Block	£21,812,758	£21,812,758	£0	£22,271,483	£458,725
<b>Total DSG Allocation after ESFA Recoupment</b>	<b>£318,517,628</b>	<b>£114,660,641</b>	<b>-£203,856,987</b>	<b>£115,508,333</b>	<b>£847,692</b>

#### 4. Recommendations for Schools Forum

4.1 Schools Forum are asked to note the report.

#### 5. Next steps

5.1 A more detailed report on the 2022-23 Budget will be brought back to Schools Forum in December.

#### 6. Financial implications

6.1 As the 2020/21 legacy accounts are yet to be audited and agreed, we are only able to report on the 2021-22 financial position at this stage.

#### 7. Legal implications

7.1 Schools funding is governed by The School and Early Years Finance (England) Regulations 2021. It is important to ensure decisions are made within the regulations set.

#### 8. Risks

8.1 There is the risk that an adverse financial decision may be made by Schools Forum based on the content of this report. There is also the risk that decisions made could be ultra vires.

**Report Author:**

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## North Northamptonshire Schools Forum: 20 October 2022

### Agenda Item 4

#### 2021/22 Maintained School Balances and Schools Facing Financial Difficulty in 2022/23

## 1. Background

1.1 This report seeks to inform Schools Forum of the final 2021/22 maintained school balances as at 31<sup>st</sup> March 2022 and to raise Schools Forum awareness of North Northamptonshire's maintained schools facing financial difficulty from 2022/23 onwards.

## 2. Maintained school balances as at 31<sup>st</sup> March 2022

2.1 The net total balances at the start of April 2021 for the 42 maintained schools were £7.388m and during the year, one primary school converted to academy status. By the end of March 2022, of the 41 maintained schools that remained, net balances totalled £6.420m. At the start of the year one schools was in deficit, at the end of the year there were three schools in deficit. Table 1 summarises the 2021/22 final position.

**Table 1: Summary of maintained school balances at 31st March 2022**

School Phase	Number of schools in surplus	Schools surplus balances in 2021/22	Number of schools with "excess" surplus	Schools "excess" surplus balances in 2021/22	Number of schools with deficits	Schools deficit balances in 2021/22	Total schools	Total outturn balances
		£'000		£'000		£'000		£'000
Nursery	2	349	0	0	2	-76	4	273
Primary	34	5,140	21	1,532	1	-58	35	5,082
Secondary	1	906	1	296	0	0	1	906
Special	1	159	0	0	0	0	1	159
<b>TOTAL</b>	<b>38</b>	<b>6,553</b>	<b>22</b>	<b>1,828</b>	<b>3</b>	<b>-133</b>	<b>41</b>	<b>6,420</b>

2.2 Historically the DFE has indicated that nursery, primary and special schools should be aiming to hold a balance around 8% of their income, with a lower figure of 5% for secondary schools. However, North Northamptonshire Scheme for Financing Schools has that figure set at 10% under paragraph 4: The treatment of surplus and deficit balances arising in relation to budget shares.

#### **4.1 The right to carry forward surplus balances**

Schools may carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

#### **4.2 Controls on surplus balances**

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions:

1. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework
2. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance
3. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also consider any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned
4. if the result of steps (1) – (3) is a sum greater than 10% of the current year's budget share for primary, nursery and special schools, then the Authority shall deduct from the current year's budget share an amount equal to the excess

Funds deriving from sources other than the Authority will be considered in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be considered unless added to the budget share surplus by the school as permitted by the Authority.

The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority.

Schools will be required to split these balances for the DfE Section 251 return and for Consistent Financial Reporting both of which are statutory returns.

2.3 Using the metric set out in Scheme for Financing School, 22 schools have surplus balances that would fall into what was once regarded as the "excess balances" category. Although schools with surpluses totalled £6.553m, £1.828m of that amount is beyond the 10% excess surplus threshold.

2.4 All maintained schools have classified their balances as uncommitted balances except for Pen Green in their 2021/22 CFR that was submitted to the DFE. Under such circumstances any uncommitted balances in excess of 10% is classed as



excess balances which would be clawed back under the NNC's Scheme for Financing Schools. This means the LA should be clawing back the excess balances of £1.828m. For 2021/22 only, the LA is asking school forum to waive the application of balance control mechanism policy for 2021/22 balances to remind maintained schools the importance of classifying carry forward balances correctly in their year end CFR submission. The Scheme for Financing Schools will be enforced for 2022/23 balances as at 31<sup>st</sup> March 2023.

2.5 **Appendix 1** sets out the position for each of the 41 maintained schools, showing the change between 2020/21 and 2021/22 and what school governing bodies have planned for their school's medium term financial plan.

2.6 The LA is not responsible for the financial position at North Northamptonshire academies and free schools. The ESFA's Schools Financial Benchmarking website recently refreshed its dataset with Consistent Financial Reporting (CFR) information for academies and free schools for the year ending 31<sup>st</sup> August 2021. The ESFA recognises that the financial position at individual academies can be affected by the way in which Multi-Academy Trusts treat shared costs.

### **3 Maintained Schools in Financial Difficulty in 2022/23**

3.1 Based on the budget plans received to date from maintained schools, 2 schools have budgeted for in year deficit in 2022/23.

3.2 With the increase in teachers pay award in the summer and the steep rise of inflation, it is envisaged more schools will go further into deficit in 2022/23 as cost pressures mount on schools budgets.

3.3 Schools are not permitted to plan for a deficit under paragraph 4.5 Planning for deficit budgets in Scheme for Financing Schools. School budget plans must be prepared with a view to breaking even or creating a surplus at the end of the financial year.

3.4 Where schools have reason to anticipate a deficit by 31<sup>st</sup> March of any year, NNC's Chief Finance Officer must be informed immediately.

3.5 Schools must submit a deficit recovery plan to NNC when their revenue deficit rises above 1% on 31 March of any year.

3.6 Schools applying for a licensed deficit may be allowed to plan for a deficit budget in exceptional circumstances with the agreement of the NNC Chief Finance Officer and subject to the following restrictions:

- a) The maximum length over which a school may repay the deficit is normally three years from the beginning of the next financial year in which the deficit arises, and the financial position will be subject to ongoing monitoring and annual review
- b) A deficit arrangement will only be allowed where the continuing existence of a school is deemed viable
- c) The minimum size of an agreed deficit is 1% of the budget share, and the maximum level is 15% of the budget share
- d) The maximum proportion of the collective school balances held by NNC which will be used to back the total of deficit arrangements is 10%.

- e) Arrangements for individual schools will be determined by the NNC Chief Finance Officer or their nominated officers, in agreement with the school Governing Body. The Governing Body must formally agree to abide by any requirements laid down as a pre-condition to accepting the deficit arrangement.

3.7 Table 2 lists the maintained schools facing financial difficulty in 2021/22 and their anticipated difficulties in the next three years.

**Table 2 – Maintained Schools Facing Financial Difficulty in 2021/22 – 2024/25**

School Name	Closing Revenue Balance 2021/22	2022/23 Forecast Balance	2023/24 Forecast Balance	2024/25 Forecast Balance
Croyland Early Years Centre	-£51,267			
Highfield Nursery School	-£24,487			
Broughton Primary				-£78,408
Corby Old Village Primary School				-£132,415
Mawsley Community Primary School			-£67,865	-£171,026
Great Doddington Primary				-£3,498
Higham Ferrers Junior School				-£96,465
Alfred Street Junior School	-£57,632	-£138,751	-£76,349	
South End Infant School				-£38,418
Tennyson Road Infant School			-£48,631	-£103,947
The Avenue Infant School			-£87,123	-£234,457
South End Junior School				-£18,981
Higham Ferrers Infant School				-£45,116
Meadowside Primary School			-£108,838	-£335,459
Earls Barton Primary School		-£2,421	-£10,932	-£55,676
Denfield Park Primary			-£49,001	-£124,569
Barton Seagrave County Primary				-£28,372
Croyland Primary School			-£194,615	-£451,700
Geddington C of E Primary			-£3,921	-£101,129

Brigstock Latham's CE Primary School				-£3,028
Kings Cliffe Endowed School				-£2,981
Wilby CE (VA) Primary			-£13,163	-£44,414
St Patricks RC Primary			-£3,450	-£58,628
Little Stanion Primary School			-£9,801	-£82,381
Millbrook Infant School				-£25,693
Thrapston Primary School				-£183,975
Stanion CE Primary School			-£5,268	-£77,082
<b>Total Maintained Schools in Deficit</b>	<b>-£133,385</b>	<b>-£141,172</b>	<b>-£678,957</b>	<b>-£2,497,818</b>
<b>Number of Schools in Deficit</b>	<b>3</b>	<b>2</b>	<b>13</b>	<b>24</b>

#### 4 Recommendations for Schools Forum

4.1 This is an information paper which Schools Forum is invited to note and discuss the issues raised, noting the current difficult climate schools have to work within.

4.2 Schools Forum are asked:

- a) to make an exception in 2021/22 and not to apply clawback policy, as the requirements states in Scheme for Financing. This is remind maintained schools the importance of classifying their balances accurately as committed and uncommitted balances in their submitted CRF return. Maintained schools have a responsibility to ensure compliance to North Northamptonshire's Scheme for Financing Schools. As it stands the LA could potentially clawback £1.828m of excess balances as schools have failed to classify their balances correctly in their 2021/22 CFR submission.
- b) based on this paper to approve the updated balance mechanism control policy for 22/23 and updated surplus analysis form.

#### 5 Next steps

5.1 This report sets the scene for Schools Forum to note that the LA intends to implement the School Balances Control Mechanism Policy in 2022/23 to balances as at 31<sup>st</sup> March 2023. With the substantial increase in maintained schools planning for a deficit budget in the next 3 years, Schools Forum may wish to consider ways of re-purposing any future clawed back excess surplus balances.

#### 6 Financial implications

6.1 Appendix 1 highlights the storm that is currently brewing on the horizon for maintained schools. School governing bodies, Schools Forum and the LA need to work together to prepare for the difficult years ahead more so in the current difficult and challenging economic climate that schools have to operate within.

## **7 Legal implications**

- 7.1 The DFE's statutory guidance on Schemes for Financing Schools allows local authorities to include a mechanism to claw back excess surplus balances. It states that the mechanism should be focused on only those schools which have built up significant excessive uncommitted balances or where some level of redistribution would support improved provision across a local area.
- 7.2 Paragraph 4.2 of North Northamptonshire's Scheme for Financing Schools sets out the mechanism for controls on surplus balances

## **8 Risks**

- 8.1 There's the risk that the wrong financial decision is made by Schools Forum. There is also the risk that decisions made could be ultra vires.

### **Report Author:**

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Appendix 1

Maintained school balances at 31<sup>st</sup> March 2022 and schools' year end forecast balances for the next three years as per 3 Year Budget Plan

School Name	Opening Revenue Balance 2021/22	2021/22 Total income (CFR I01 - I18D)	Closing Revenue Balance 2021/22	In Year Surplus (+ve) / Deficit (-ve)	Surplus as a % of income	10% of Income	"Excess" surplus beyond 10% of all School Income	2022-23 Forecast Balance	2023-24 Forecast Balance	2024-25 Forecast Balance
Ronald Tree Nursery School	£13,250	£447,961	£17,681	£4,431	3.95%	£44,796	£0	£63,560	£70,403	£76,417
Croyland Early Years Centre	£51,652	£826,517	-£51,267	-£102,919	-6.20%	£82,652	£0	£27,943	£42,531	£56,276
Highfield Nursery School	-£58,004	£397,464	-£24,487	£33,517	-6.16%	£39,746	£0	£65,129	£99,768	£126,880
Pen Green Childrens Centre	£354,027	£2,555,861	£331,041	-£22,986	12.95%	£255,586	£0*	£1	Budget Plan Not Completed	Budget Plan Not Completed
<b>Total Maintained Nursery Schools</b>	<b>£360,925</b>	<b>£4,227,803</b>	<b>£272,968</b>	<b>-£87,957</b>		<b>£422,780</b>	<b>£0</b>	<b>£156,633</b>	<b>£212,702</b>	<b>£259,573</b>
Broughton Primary	£174,175	£990,821	£157,163	-£17,012	15.86%	£99,082	£58,081	£73,805	£7,345	-£78,408
Corby Old Village Primary School	£201,186	£1,055,355	£156,240	-£44,946	14.80%	£105,535	£50,704	£94,614	£5,856	-£132,415

School Name	Opening Revenue Balance 2021/22	2021/22 Total income (CFR I01 - I18D)	Closing Revenue Balance 2021/22	In Year Surplus (+ve) / Deficit (-ve)	Surplus as a % of income	10% of Income	"Excess" surplus beyond 10% of all School Income	2022-23 Forecast Balance	2023-24 Forecast Balance	2024-25 Forecast Balance
Mawsley Community Primary School	£177,320	£1,697,234	£115,592	-£61,728	6.81%	£169,723	£0	£30,269	-£67,865	-£171,026
Great Doddington Primary	£82,682	£733,881	£95,721	£13,039	13.04%	£73,388	£22,332	£78,378	£47,537	-£3,498
Higham Ferrers Junior School	£167,353	£1,614,258	£254,063	£86,710	15.74%	£161,426	£92,638	£184,258	£113,406	-£96,465
Nassington School	£94,329	£487,076	£152,012	£57,683	31.21%	£48,708	£103,304	£109,069	£82,108	£40,056
NCC Alfred Street Junior School	£42,616	£828,512	-£57,632	-£100,248	-6.96%	£82,851	£0	-£138,751	-£76,349	£5,886
South End Infant School	£146,962	£1,305,897	£68,935	-£78,027	5.28%	£130,590	£0	£78,009	£42,015	-£38,418
Tennyson Road Infant School	£110,589	£689,711	£53,212	-£57,377	7.72%	£68,971	£0	£91	-£48,631	-£103,947
Warmington School	£102,658	£539,214	£116,201	£13,543	21.55%	£53,921	£62,280	£83,544	£70,724	£44,304
NNC Park Junior School	£210,375	£1,421,864	£183,577	-£26,798	12.91%	£142,186	£41,390	£143,249	Academy	Academy

School Name	Opening Revenue Balance 2021/22	2021/22 Total income (CFR I01 - I18D)	Closing Revenue Balance 2021/22	In Year Surplus (+ve) / Deficit (-ve)	Surplus as a % of income	10% of Income	"Excess" surplus beyond 10% of all School Income	2022-23 Forecast Balance	2023-24 Forecast Balance	2024-25 Forecast Balance
The Avenue Infant School	£191,409	£1,024,752	£145,515	-£45,894	14.20%	£102,475	£43,039	£46,314	-£87,123	-£234,457
South End Junior School	£286,741	£1,677,672	£236,834	-£49,907	14.12%	£167,767	£69,067	£142,859	£65,121	-£18,981
Higham Ferrers Infant School	£237,767	£1,289,264	£138,780	-£98,987	10.76%	£128,926	£9,854	£168,111	£69,063	-£45,116
Meadowside Primary School	£176,759	£1,891,920	£84,275	-£92,484	4.45%	£189,192	£0	£8,699	-£108,838	-£335,459
Earls Barton Primary School	£162,121	£2,120,797	£49,055	-£113,066	2.31%	£212,080	£0	-£2,421	-£10,932	-£55,676
Whitefriars Primary School	£277,940	£1,928,795	£349,268	£71,328	18.11%	£192,879	£156,389	£291,730	£272,770	£208,799
Hayfield Cross School	£179,288	£1,463,475	£254,929	£75,641	17.42%	£146,348	£108,581	£243,222	£84,454	£150,614
NCC Denfield Park Primary	£81,766	£2,227,055	£37,620	-£44,146	1.69%	£222,706	£0	£4,384	-£49,001	-£124,569

School Name	Opening Revenue Balance 2021/22	2021/22 Total income (CFR I01 - I18D)	Closing Revenue Balance 2021/22	In Year Surplus (+ve) / Deficit (-ve)	Surplus as a % of income	10% of Income	"Excess" surplus beyond 10% of all School Income	2022-23 Forecast Balance	2023-24 Forecast Balance	2024-25 Forecast Balance
Barton Seagrave County Primary	£369,858	£2,725,886	£343,914	-£25,944	12.62%	£272,589	£71,325	£199,803	£135,161	-£28,372
Henry Chichele Primary School	£186,674	£1,691,806	£165,913	-£20,761	9.81%	£169,181	£0	£159,285	£179,176	£154,163
Croyland Primary School	£142,753	£2,482,104	£49,115	-£93,638	1.98%	£248,210	£0	£1	-£194,615	-£451,700
Geddington C of E Primary	£103,141	£949,081	£117,377	£14,236	12.37%	£94,908	£22,469	£60,970	-£3,921	-£101,129
Grendon CE Primary	£41,141	£592,207	£49,648	£8,507	8.38%	£59,221	£0	£49,648	£35,649	£5,413
Titchmarch C of E Primary	£114,163	£586,512	£127,903	£13,740	21.81%	£58,651	£69,252	£78,735	£66,877	£39,858
All Saints CE Primary School	£98,237	£1,201,059	£218,683	£120,446	18.21%	£120,106	£98,577	£188,771	£149,252	£121,288
Brigstock Latham's CE Primary School	£16,412	£570,281	£84,171	£67,759	14.76%	£57,028	£27,143	£39,433	£18,737	-£3,028



School Name	Opening Revenue Balance 2021/22	2021/22 Total income (CFR I01 - I18D)	Closing Revenue Balance 2021/22	In Year Surplus (+ve) / Deficit (-ve)	Surplus as a % of income	10% of Income	"Excess" surplus beyond 10% of all School Income	2022-23 Forecast Balance	2023-24 Forecast Balance	2024-25 Forecast Balance
Kings Cliffe Endowed School	£143,657	£974,251	£223,642	£79,985	22.96%	£97,425	£126,217	£151,917	£92,679	-£2,981
Wilby CE (VA) Primary	£39,675	£528,203	£25,611	-£14,064	4.85%	£52,820	£0	£141	-£13,163	-£44,414
St Patricks RC Primary	£55,218	£1,101,570	£61,089	£5,871	5.55%	£110,157	£0	£28,208	-£3,450	-£58,628
Little Stanion Primary School	£86,918	£1,154,544	£97,133	£10,215	8.41%	£115,454	£0	£53,941	-£9,801	-£82,381
Millbrook Infant School	£291,918	£1,468,376	£250,241	-£41,677	17.04%	£146,838	£103,403	£74,671	£34,549	-£25,693
Millbrook Junior School	£310,302	£2,103,546	£390,220	£79,918	18.55%	£210,355	£179,866	£190,410	£208,535	£305,450
Thrapston Primary School	£214,775	£2,254,584	£216,452	£1,677	9.60%	£225,458	£0	£177,344	£34,224	-£183,975
Stanion CE Primary School	£111,802	£541,470	£69,844	-£41,958	12.90%	£54,147	£15,697	£43,656	-£5,268	-£77,082
<b>Total Maintained Primary Schools</b>	<b>£5,430,680</b>	<b>£45,913,032</b>	<b>£5,082,311</b>	<b>-£348,369</b>		<b>£4,591,303</b>	<b>£1,531,608</b>	<b>£3,136,367</b>	<b>£1,136,281</b>	<b>-£1,421,987</b>

School Name	Opening Revenue Balance 2021/22	2021/22 Total income (CFR I01 - I18D)	Closing Revenue Balance 2021/22	In Year Surplus (+ve) / Deficit (-ve)	Surplus as a % of income	10% of Income	"Excess" surplus beyond 10% of all School Income	2022-23 Forecast Balance	2023-24 Forecast Balance	2024-25 Forecast Balance
The Latimer Arts College	£1,070,148	£6,098,374	£905,835	-£164,313	14.85%	£609,837	£295,997	£990,852	£809,020	£418,225
<b>Total Maintained Secondary School</b>	<b>£1,070,148</b>	<b>£6,098,374</b>	<b>£905,835</b>	<b>-£164,313</b>		<b>£609,837</b>	<b>£295,997</b>	<b>£990,852</b>	<b>£809,020</b>	<b>£418,225</b>
Rowan Gate Primary School	£143,672	£4,374,476	£158,607	£14,935	3.63%	£437,448	£0	Budget Plan Not Received	Budget Plan Not Received	Budget Plan Not Received
<b>Total Maintained Special School</b>	<b>£143,672</b>	<b>£4,374,476</b>	<b>£158,607</b>	<b>£14,935</b>		<b>£437,448</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Total Maintained Schools</b>	<b>£7,005,425</b>	<b>£60,613,685</b>	<b>£6,419,721</b>	<b>-£585,704</b>		<b>£6,061,369</b>	<b>£1,827,605</b>	<b>£4,283,852</b>	<b>£2,158,003</b>	<b>-£744,189</b>

\* Pen Green Children's Centre doesn't have an excess surplus as they have committed their balance.

# Agenda Item 5



North  
Northamptonshire  
Council

North Northamptonshire Schools Forum: 20 October 2022

## Agenda Item 5

### School Balances Control Mechanism Policy

#### 1 Background

- 1.1 Schools Forum is asked to agree North Northamptonshire's policy on the Control of Surplus Balances in Schools.

#### 2 Controls on Surplus Balances

- 2.1 Paragraph 4.2 of Scheme for Financing Schools sets out North Northamptonshire's control of surplus balances mechanism.
- 2.2 The report presented to School Forum on 2021/22 Maintained School Balances and Schools Facing Financial Difficulty in 2022/23 sets out the scene why Schools Forum need to consider implementing the School Balances Control Mechanism Policy.
- 2.3 There's a clear indication based on the 3 year budget plans submitted by maintained schools that in 2022/23, 2023/24 & 2024/25 that the number of schools falling into deficit will grow exponentially.
- 2.4 The number of school with deficit in 2021/22 amount to £0.13m. However based on the budget plans received from schools, by 24/25, that total deficit would have increased to £2.497m. It is in this context a protocol for dealing with surplus balances is brought before School Forum to address the growing financial difficulty issues schools are facing in today's difficult and challenging economic climate.
- 2.5 Table 1 gives a preview of the number of maintained schools forecasting to go into deficit by 2024/25 based on their submitted 3 Year Budget Plans which were approved by their respective Governing Body.

**Table 1 – Maintained Schools Forecast to be in Deficit – 2021/22 to 2024/25**

School Name	Closing Revenue Balance 2021/22	2022/23 Forecast Balance	2023/24 Forecast Balance	2024/25 Forecast Balance
Croyland Early Years Centre	-£51,267			
Highfield Nursery School	-£24,487			
Broughton Primary				-£78,408
Corby Old Village Primary School				-£132,415
Mawsley Community Primary School			-£67,865	-£171,026
Great Doddington Primary				-£3,498
Higham Ferrers Junior School				-£96,465
Alfred Street Junior School	-£57,632	-£138,751	-£76,349	

School Name	Closing Revenue Balance 2021/22	2022/23 Forecast Balance	2023/24 Forecast Balance	2024/25 Forecast Balance
South End Infant School				-£38,418
Tennyson Road Infant School			-£48,631	-£103,947
The Avenue Infant School			-£87,123	-£234,457
South End Junior School				-£18,981
Higham Ferrers Infant School				-£45,116
Meadowside Primary School			-£108,838	-£335,459
Earls Barton Primary School		-£2,421	-£10,932	-£55,676
Denfield Park Primary			-£49,001	-£124,569
Barton Seagrave County Primary				-£28,372
Croyland Primary School			-£194,615	-£451,700
Geddington C of E Primary			-£3,921	-£101,129
Brigstock Latham's CE Primary School				-£3,028
Kings Cliffe Endowed School				-£2,981
Wilby CE (VA) Primary			-£13,163	-£44,414
St Patricks RC Primary			-£3,450	-£58,628
Little Stanion Primary School			-£9,801	-£82,381
Millbrook Infant School				-£25,693
Thrapston Primary School				-£183,975
Stanion CE Primary School			-£5,268	-£77,082
<b>Total Maintained Schools in Deficit</b>	<b>-£133,385</b>	<b>-£141,172</b>	<b>-£678,957</b>	<b>-£2,497,818</b>

2.6 The proposed Policy on Control of Surplus Balances for NNC's maintained schools is attached to this report. Key points in the policy are:

- Schools are entitled to retain balances up to 10% of budget for all maintained nursery, primary, secondary schools and special schools in line with Paragraph 4.2 of North Northamptonshire Scheme for Financing Schools.
- For retention of amounts in excess of these percentages, the proposed usage would need to meet certain criteria which are set out in section 2 of the policy. This will need to be evidenced through the completion of a 'Surplus Balance Analysis Form'.
- There will be a process of validation of the excess surplus balances prior to any clawback.

2.7 In summary the circumstances in which a clawback of balance could happen would be where:

- the reasons for the retention of the surplus balance fail to meet the criteria set out in the policy

- there is an excess balance though the school fails to submit a Surplus Balance Analysis within the prescribed timescale (end of Summer term).

2.8 Table 2 lists the schools that will be affected if the policy is to be implemented for balances held at 31<sup>st</sup> March 2022.

**Table 2 – Schools with balances in excess of 10% of their School Income**

School Name	Opening Revenue Balance 2021/22	2021/22 Total income (CFR I01 - I18D)	Closing Revenue Balance 2021/22	In Year Surplus (+ve) / Deficit (-ve)	Surplus as a % of income	10% of Income	"Excess" surplus beyond 10% of all School Income
Broughton Primary	£174,175	£990,821	£157,163	-£17,012	15.86%	£99,082	£58,081
Corby Old Village Primary School	£201,186	£1,055,355	£156,240	-£44,946	14.80%	£105,535	£50,704
Great Doddington Primary	£82,682	£733,881	£95,721	£13,039	13.04%	£73,388	£22,332
Higham Ferrers Junior School	£167,353	£1,614,258	£254,063	£86,710	15.74%	£161,426	£92,638
Nassington Sch	£94,329	£487,076	£152,012	£57,683	31.21%	£48,708	£103,304
Warmington School	£102,658	£539,214	£116,201	£13,543	21.55%	£53,921	£62,280
NNC Park Junior School	£210,375	£1,421,864	£183,577	-£26,798	12.91%	£142,186	£41,390
The Avenue Infant School	£191,409	£1,024,752	£145,515	-£45,894	14.20%	£102,475	£43,039
South End Junior School	£286,741	£1,677,672	£236,834	-£49,907	14.12%	£167,767	£69,067
Higham Ferrers Infant School	£237,767	£1,289,264	£138,780	-£98,987	10.76%	£128,926	£9,854
Whitefriars Primary School	£277,940	£1,928,795	£349,268	£71,328	18.11%	£192,879	£156,389
Hayfield Cross School	£179,288	£1,463,475	£254,929	£75,641	17.42%	£146,348	£108,581
Barton Seagrave County Primary	£369,858	£2,725,886	£343,914	-£25,944	12.62%	£272,589	£71,325
Geddington C of E Primary	£103,141	£949,081	£117,377	£14,236	12.37%	£94,908	£22,469
Titchmarch C of E Primary	£114,163	£586,512	£127,903	£13,740	21.81%	£58,651	£69,252
All Saints CE Primary School	£98,237	£1,201,059	£218,683	£120,446	18.21%	£120,106	£98,577
Brigstock Latham's CE Primary School	£16,412	£570,281	£84,171	£67,759	14.76%	£57,028	£27,143
Kings Cliffe Endowed School	£143,657	£974,251	£223,642	£79,985	22.96%	£97,425	£126,217

School Name	Opening Revenue Balance 2021/22	2021/22 Total income (CFR 101 - I18D)	Closing Revenue Balance 2021/22	In Year Surplus (+ve) / Deficit (-ve)	Surplus as a % of income	10% of Income	"Excess" surplus beyond 10% of all School Income
Millbrook Infant School	£291,918	£1,468,376	£250,241	-£41,677	17.04%	£146,838	£103,403
Millbrook Junior School	£310,302	£2,103,546	£390,220	£79,918	18.55%	£210,355	£179,866
Stanion CE Primary School	£111,802	£541,470	£69,844	-£41,958	12.90%	£54,147	£15,697
The Latimer Arts College	£1,070,148	£6,098,374	£905,835	- £164,313	14.85%	£609,837	£295,997
<b>Total Maintained Schools</b>	<b>£4,835,541</b>	<b>£31,445,262</b>	<b>£4,972,131</b>	<b>£136,590</b>		<b>£3,144,526</b>	<b>£1,827,605</b>

### 3 Recommendations for Schools Forum

- a) That School Forum considers approving the policy included with this report.
- b) That the policy is implemented for the current financial year 2022/23 and applies to balances held at 31<sup>st</sup> March 2023.

### 4 Next steps

- 4.1 The next steps depend on the feedback given by Schools Forum voting members at this meeting.

### 5 Financial Implications

- 5.1 If the policy is implemented this would mean a potential clawback in school balances.

### 6 Legal implications

- 6.1 Implementation of this policy would fall within North Northamptonshire Scheme for Financing Schools.

### 7.1 Risks

- 7.1 There is a risk that the decision made by Schools Forum will prove unpopular with maintained schools with substantive balances.

### Report Author:

Officer name: Salik Khan

Officer title: Finance Business Partner – Children Services

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## School Balances Control Mechanism Policy

### 1.0 INTRODUCTION

- 1.1 The NNC's scheme for School finance states that all maintained schools can carry forward unspent revenue balances (arising from net underspends against their delegated budgets) from one financial year to the next.
- 1.2 Schools may carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.
- 1.3 Schools will not be paid interest on any unspent centrally held year-end balances. However, in so far as schools hold their unspent balances within a local school bank account, they may receive interest on the balance held within that account.

### 2.0 MANAGEMENT OF SURPLUS BALANCES IN SCHOOLS

- 2.1 It is recognised that it may be financially valid and prudent for a school to hold a certain level of reserves to meet unforeseen emergency or outstanding commitments.
- 2.2 Surplus balances held by schools, as permitted under the Scheme for financing school, are subject to the following:
  - The Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework.
  - All schools are required to complete a '**Surplus Balance Analysis Form**', as issued by the Local Authority, and present this to the Governing Body for discussion before the end of the summer term. In addition, for those schools which have excess surplus balances the '**Surplus Balance Analysis Form**' should be submitted to the Local Authority by the end of the Summer Term.
  - The surplus balance, more than recommended levels, can be assigned for specific purposes as listed below. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purposes in question.
- 2.3 The criteria for balances to be assigned for specific purposes and which are included in the Balance Analysis Form as follows:
  - Prior year commitments – any commitments from the previous financial year where goods and services were ordered but not delivered or paid.
  - Commitments of a 'capital' & 'other capital' nature – planned building works, refurbishment work, or IT development. Schools can build up surplus balances towards particular projects though must not defer implementation indefinitely.
  - Income generated previously by sponsorship, donations etc.

- Commitments of a 'revenue' nature – school improvement and other planned priorities.
  - Unspent & Committed pupil-focused extended School Funding And/or Grants.
  - Unspent previous fiscal year's Pupil Premium Grant.
- 2.4 Schools may enter into commitments that extend into following financial years if they can reasonably expect that the costs of any such commitments will be fully funded and completed within the indicated timescales.
- 2.5 Schools must be able to evidence their planned expenditure by reference to the School Improvement/Development Plan or Asset/Building Management Plan.
- 2.6 Schools are required to report to the Governing Body on how surplus balances are intended to be spent. The Minutes of the Governing Body meetings, quotations for work, orders and invoices for the specific purposes outlined above and Diocese agreement to capital projects for VA schools, are considered as suitable evidence for planned expenditure.
- 2.7 Funds derived from sources other than the NNC will be considered if those funds have been paid into the budget share account of the school.

### **3.0 CLAWBACK OF EXCESSIVE SURPLUS BALANCES**

- 3.1 Surplus balances that are deemed to be excessive are where year end balances are greater than 10% of the preceding year's Budget Share for Nursery, Primary, Secondary and Special schools. This is in line with North Northamptonshire's Scheme for Financing Schools.
- 3.2 The proposal is that the Local Authority will review schools where surplus balances are greater than 10% of their school budget share.

### **4.0 CHECKING THE VALIDITY OF EXCESSIVE SURPLUS BALANCES PRIOR TO CLAWBACK**

- 4.1 For schools that fall within the criteria laid out in 3.2, the Local Authority will review the content of the Balance Analysis Forms.
- 4.2 The Local Authority will also check that the expenditure outlined in the Surplus Balance Analysis Forms reflects the expenditure that has been included in the School Budget Plan.
- 4.3 Where the Local Authority is satisfied with the plans and the evidence, they will confirm this to the school. Monitoring will continue to take place throughout the year to verify that planned expenditure is eventually realised.
- 4.4 Where, through investigation and consultation, a school fails to satisfy the Local Authority that expenditure meets the Authority's criteria or is unable to provide sufficient evidence when requested, the school will be notified of the amount of money that will be clawed back. The maximum permissible amount of claw back is that more than the 10% thresholds that the Authority deem is not properly assigned.



- 4.5 If a school has an excess balance above the 10% thresholds and fails to submit a 'Surplus Balance Analysis Form' to justify the excess balance, by the end of the Summer Term, then the Council will claw back the excess balance.
- 4.6 The final decision will be made by the Director of Children's Service with the full involvement of the Finance.
- 4.7 If schools wish to appeal this should be put in writing the Chief Finance Officer
- 4.8 Any balances clawed back will be used to offset deficit balances paid by the Council under directed Academy Conversions. Any alternative use of any clawback funding will be subject to discussion with the Schools Forum.

5.0 **SUPPORT FOR SCHOOLS WITH SURPLUS REVENUE BALANCES**

- 5.1 If a school has any queries regarding what is deemed to be an acceptable purpose for carrying forward a large surplus balance, they can contact the School Support Team for advice and guidance.

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## General Notes regarding completion of Surplus Balance R

- \* The return is split into seven categories which represent the permissible reasons for hold
- \* If sections are not applicable to you, please leave blank
- \* For every box of narrative that is completed, you must enter an amount in the relevant b
- \* Narrative must be meaningful.
- \* Once completed please save a copy of your finished return and send back to the Schoo
- \* Further notes to help completion of the return are provided below in each of the sections

### Analysis of School Budget Share - Carry Forward E

School:

0

DFE No:

0

(Please En

Cost Centre:

0

### A Analysis Required of Surplus Balance

Surplus Balance Carry Forward from 2020/21

School Budget Share 2021/22

Less Actual Expenditure 2021/22 (**Show as a negative figure**)

Total Carry Forward balance as at 31st March 2022

### B Permitted Use of Balances in Future Years

CFR REF

B01

#### **1 - Prior Year Commitments**

**This is any expenditure committed as at 31st March but not spent. You**

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CFR REV

B01

**2 - Income**

**Note: Include here income generated for a specific purpose but that has no fund, say for example playground improvements/equipment, then this is income generated by the Establishments should provide FMS6 cost centre reports, copies of grant applications etc. Examples are as follows:**

**Sponsorship (please specify):**

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**Donations (please specify):**

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**Other (please specify):**

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CFR REF

B03

**3 - Commitments of a Devolved Capital Nature**

**(only detail Schemes that are already planned and costed**

**Note: Include here details of works of a capital nature that have been planned for completion between 01/04/22 and 31/03/23.  
The Start Date should be from 01/04/22 to 31/03/23.**

**Please be specific about planned work (e.g. "classroom refurbishment")  
Establishment needs to provide evidence of work due to be completed  
Examples are as follows:**

**Building Works (please specify):**

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**Refurbishment Works (please specify):**

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**IT (please specify):**

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CFR REF

B05

**4 - Commitments of a Other Capital Nature**

**(only detail Schemes that are already planned and costed**

**Note: Include here details of works of other capital nature that have been planned for completion between 01/04/22 and 31/03/23.  
The Start Date should be from 01/04/22 to 31/03/23.**

**Please be specific about planned work (e.g. "classroom refurbishment")  
All other capital expenditure not already accounted for – this includes capital expenditure  
Establishment needs to provide evidence of work due to be completed**

**Examples are as follows:**

**Building Works (please specify):**

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Refurbishment Works (please specify):

IT (please specify):

CFR REF

B01 **5 - Commitments of a Revenue Nature**

**Note: Include here revenue commitments that are planned for 2023/24, A date in 2023/24 should be provided as an indication of when this earr**

**Examples are as follows:**

School Improvement Plan Priorities (please specify):

Other Planned Priorities (please specify):

CFR REF

B01

**6 - Unspent & Committed pupil-focused extended School F**

**Please provide documentation as back up.**

CFR REF

B01

**7 - Unspent 2021/22 Pupil Premium Grant**

**Please provide documentation as back up.**

**Analysis of School Budget Share - Carry Forward E**

School: 0

DFE No: 0

Fund Centre: 0

**Analysis Summary**

**A Surplus Balance of**

1 - Prior Year Commitments

2 - Income Generated By Schools (Revenue)

3 - Commitments of a Devolved Capital (only Schemes that are already planned ar

4 - Commitments of a Other Capital Nature (only Schemes that are already planne

5 - Commitments of a Revenue Nature

6 - Unspent & Committed pupil-focused extended School Funding And/or Grants

7 - Unspent 2021/22 Pupil Premium Grant

**B Permitted Use of Balances in Future Years**

**c Remaining Uncommitted Balance**



**Return:**

ding a balance. Anything not falling into one of these categories will be treated as an uncommitted balanc

box next to it (and in the case of Sections 3 & 4, a relevant date must also be provided).

l Support Team

s, with worked examples also provided for each category as a guide.

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**Balance as at 31st March 2022**

fter your DFE Number)

**I need to provide evidence of purchase orders & FSM6 open committed items reports**


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**is yet to be committed. Do not include here general income items  
no restrictions on how it can be spent. (If a PA donation has been given to  
should be shown as earmarked under either Section 3 or Section 4).  
ent conditions, copies of paying in slips etc to prove these balances**




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**- estimated start dates must also be provided)**

planned and costed.

' is not enough detail whereas "refurbishment of ground floor reception classes" is).  
in form of a quotation signed by the head teacher and approved by the governing bo




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**- estimated start dates must also be provided)**

een planned and costed.

' is not enough detail whereas "refurbishment of ground floor reception classes" is).  
capital expenditure from a funding stream received during previous financial years fr  
in form of a quotation signed by the head teacher and approved by the governing bo





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**, split between School Improvement Plan and Other priorities.  
marked balance will have been spent.**



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**Funding And/or Grants**


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**Balance as at 31st March 2022**

(and costed with estimated start dates provided)

(and costed with estimated start dates provided)





ce.



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£

£

£




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Sub Total


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Sub Total



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Start Date	£	£
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<input type="text"/>	<input type="text"/>	
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	<input type="text" value="0"/>	
		<input type="text" value="0"/>
		Sub Total

from specific grants which no longer exist  
dy.

Start Date	£	£
Enter as **/**/**)		
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<input type="text"/>	<input type="text"/>	



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**0**

**Sub Total**

**Completed By**  
Enter as \*\*/\*\*/\*\*)

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# Agenda Item 6



North  
Northamptonshire  
Council

North Northamptonshire Schools Forum: 20 October 2022

## Agenda Item 6

### North Northamptonshire School's Deficit Budget Policy

#### 1 Background

- 1.1 This report seeks to remind Schools Forum and all North Northamptonshire maintained schools of the NNC's School Deficit Budget Policy in wake of the current and increasing challenging economic climate schools must operate within.

#### 2 Overview

- 2.1 North Northamptonshire Council's Scheme for Financing Schools sets out the terms and conditions that maintained schools are expected to comply and operate within. The scheme prohibits maintained schools from planning for a deficit when preparing their budget plans.

##### **Paragraph 2.9 Submission of budget plans**

- 2.2 Each maintained school is required to submit a budget plan every year, which takes account of the major categories of expenditure and income, on the NNC Budget Proposal Form. Schools should, when constructing their annual budget plan consider their estimated carry forward deficit/surplus balance as at the previous 31st March.
- 2.3 NNC will supply schools with all school income and expenditure data which it holds which is necessary for efficient planning by schools, and supply schools with an annual statement showing when this information will be available at times through the year.
- 2.4 Schools are allowed to take full account of estimated deficits and surpluses at the previous 31 March in their budget plan.
- 2.5 The budget proposal form for submission of budget plans should take account of the consistent financial reporting framework and the desirability of compatibility with that.
- 2.6 The school's formal annual budget plan must be approved by the Governing Body or a committee of the governing body. Any changes to this i.e. virements of budget during the year should also be approved by the Governing Body or committee.
- 2.7 The date for the initial submission of the budget proposal plan is the 1st Friday in May.

##### **Paragraph 4.4 Obligation to carry forward deficit balances**

- 2.8 Schools must carry forward from one financial year to the next any shortfall in school budget share relative to their expenditure for the year plus/minus any balance brought forward from the previous year. This will be affected through a deduction from the following year's budget share.

##### **Paragraph 4.5 Planning for deficit budgets**

- 2.9 It is not permissible for schools to budget for a deficit, except in those circumstances set out below. School budget plans must be prepared with a view to breaking even or creating a surplus at the end of the financial year.

- 2.10 Where schools have reason to anticipate a deficit the NNC Chief Finance Officer must be informed immediately.

**Paragraph 4.6 Charging of interest on deficit balances**

- 2.11 Schools will not be charged interest on any unplanned year end deficits as a matter of course. However, where an unplanned overdraft occurs on a school's local bank account, although NNC will underwrite such an overdraft, the school's budget will be charged any interest or other costs that arise.

**Paragraph 4.7 Writing off deficits**

- 2.12 NNC cannot write off the deficit balance of any school.

**Paragraph 4.8 Balances of closing and replacement schools**

- 2.13 When a school closes, any balances (whether surplus or deficit) revert to the LA; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where the school converts to academy status under section 4(1) (a) of the Academies Act 2010.

**Paragraph 4.9 Licensed deficits**

- 2.14 Schools must submit a recovery plan to NNC when their revenue deficit rises above 1% at 31 March of any year. A school may be allowed to plan for a deficit budget in exceptional circumstances with the agreement of the NNC Chief Finance Officer and subject to the following restrictions:

- (1) The maximum length over which a school may repay the deficit is normally three years from the beginning of the next financial year in which the deficit arises, and the financial position will be subject to ongoing monitoring and annual review.
- (2) A deficit arrangement will only be allowed where the continuing existence of a school is deemed viable.
- (3) The minimum size of an agreed deficit is 1% of the budget share, and the maximum level is 15% of the budget share.
- (4) The maximum proportion of the collective school balances held by NNC which will be used to back the total of deficit arrangements is 10%.
- (5) Arrangements for individual schools will be determined by the NNC Chief Finance Officer or their nominated officers, in agreement with the school Governing Body. The Governing Body must formally agree to abide by any requirements laid down as a pre-condition to accepting the deficit arrangement.

**3 Recommendations for Schools Forum**

- 3.1 Schools forums have a consultative and advisory role in school funding and financial matters. Local authorities have responsibility for establishing schools forums and the ongoing responsibility to provide appropriate support, information and guidance in carrying out their functions and responsibilities.

- 3.2 The schools forum good practice guide, published by the DfE in September 2019, highlights the effectiveness of schools forum is determined by the relationship between itself and its local authority. The DfE guide identifies several characteristics that are particularly important, including the partnership having a shared understanding of the priorities, issues and concerns of schools and academies and the local authority.



3.3 This paper recommends Schools Forum to adopt North Northamptonshire School Deficit Budget Policy to strengthen the shared understanding and oversight of the number of schools operating with deficit budgets as well as helping each other in addressing the issues faced by schools in financial difficulties.

#### **4 Next steps**

4.1 Feedback given by Schools Forum voting members at this meeting will determine the next steps which could include publishing it on the NNC website as the adopted policy.

#### **5 Financial implications**

5.1 Adopting this policy creates greater awareness in schools of the checks and controls required to preserve sustainability and longevity. Ignoring the policy could have severe financial consequence for North Northamptonshire schools in the longer term should the number of schools facing financial difficulty spiral out of control.

#### **6 Legal implications**

6.1 This policy is re-enforcing the requirements of NNC's Scheme for Financing Schools 2022/23 which is a statutory requirement for all local authority maintained schools.

#### **7.1 Risks**

7.1 If the policy is not re-iterated on NNC's website which is accessible to the public, there is the risk that schools are not meeting the minimum requirements of North Northamptonshire Scheme for Financing Schools.

#### **Report Author:**

Officer name: Salik Khan

Officer title: Finance Business Partner – Children Services

Email address: [salik.khan@northnorthants.gov.uk](mailto:salik.khan@northnorthants.gov.uk)

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## **NORTH NORTHAMPTONSHIRE SCHOOL DEFICIT BUDGET POLICY**

### **1. Responsibility for Managing the School Budget**

- 1.1 School governing bodies are the responsible accountable body for managing the school budget.

### **2. Current Policy (NNC Scheme)**

- 2.1 The current main policy for schools' deficits is contained in the NNC Scheme for Financing Schools as follows:

#### **Paragraph 2.9 - Submission of budget plans**

- 2.2 Each maintained school is required to submit a budget plan every year, which takes account of the major categories of expenditure and income, on the NNC Budget Proposal Form. Schools should, when constructing their annual budget plan consider their estimated carry forward deficit/surplus balance as at the previous 31<sup>st</sup> March.
- 2.3 NNC will supply schools with all school income and expenditure data which it holds which is necessary for efficient planning by schools, and supply schools with an annual statement showing when this information will be available at times through the year.
- 2.4 Schools are allowed to take full account of estimated deficits and surpluses at the previous 31 March in their budget plan.
- 2.5 The budget proposal form for submission of budget plans should take account of the consistent financial reporting framework and the desirability of compatibility with that.
- 2.6 The school's formal annual budget plan must be approved by the Governing Body or a committee of the governing body. Any changes to this i.e., variations of budget during the year should also be approved by the Governing Body or committee.
- 2.7 The date for the initial submission of the budget proposal plan is the 1<sup>st</sup> Friday in May.

#### **Paragraph 4.4 - Obligation to carry forward deficit balances**

- 2.8 Schools must carry forward from one financial year to the next any shortfall in school budget share relative to their expenditure for the year plus/minus any balance brought forward from the previous year. This will be affected through a deduction from the following year's budget share.

#### **Paragraph 4.5 - Planning for deficit budgets**

- 2.9 It is not permissible for schools to budget for a deficit, except in those circumstances set out below. School budget plans must be prepared with a view to breaking even or creating a surplus at the end of the financial year.

- 2.10 Where schools have reason to anticipate a deficit the NNC Chief Finance Officer must be informed immediately.

**Paragraph 4.6 - Charging of interest on deficit balances**

- 2.11 Schools will not be charged interest on any unplanned year end deficits as a matter of course. However, where an unplanned overdraft occurs on a school's local bank account, although NNC will underwrite such an overdraft, the school's budget will be charged any interest or other costs that arise.

**Paragraph 4.7 - Writing off deficits**

- 2.12 NNC cannot write off the deficit balance of any school.

**Paragraph 4.8 - Balances of closing and replacement schools**

- 2.13 When a school closes, any balances (whether surplus or deficit) revert to the LA; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where the school converts to academy status under section 4(1) (a) of the Academies Act 2010.

**Paragraph 4.9 – Licensed deficits**

- 2.14 Schools must submit a recovery plan to NNC when their revenue deficit rises above 1% at 31 March of any year. A school may be allowed to plan for a deficit budget in exceptional circumstances with the agreement of the NNC Chief Finance Officer and subject to the following restrictions:
- a. The maximum length over which a school may repay the deficit is normally three years from the beginning of the next financial year in which the deficit arises, and the financial position will be subject to ongoing monitoring and annual review.
  - b. A deficit arrangement will only be allowed where the continuing existence of a school is deemed viable.
  - c. The minimum size of an agreed deficit is 1% of the budget share, and the maximum level is 15% of the budget share.
  - d. The maximum proportion of the collective school balances held by NNC which will be used to back the total of deficit arrangements is 10%.
  - e. Arrangements for individual schools will be determined by the NNC Chief Finance Officer or their nominated officers, in agreement with the school Governing Body. The Governing Body must formally agree to abide by any requirements laid down as a pre-condition to accepting the deficit arrangement.

### **Further Guidance and Procedures**

The following guidance and procedures are produced in support of the statutory policy outlined above.

#### **3. Submission of a Business Case and Deficit Recovery Plan**

- 3.1 All schools are required to include use of the carry forwards (including overspends from the previous financial year) on their Budget Proposal Form.
- 3.2 Where a deficit of 1% or more is identified by the school as part of the budget planning process, a business case and recovery plan for a licensed deficit to be authorised is to be submitted to NNC Schools Finance by the Chair of Governors in an agreed format at the same time or before the Budget Proposal Form.
- 3.3 Schools should know well in advance of the year end that they are heading for a deficit) so they should conduct pre-emptive work to identify savings and produce/submit the business case and recovery plan in time before the start of the subsequent financial year.
- 3.4 Schools should also work in close liaison with NNC HR (or their own HR advisor) to ensure that their proposed savings can be met and that all relevant documentation including a business case for any redundancy costs to be met by the local authority is submitted in accordance with NNC redundancy policy.
- 3.5 Where the recovery of the deficit is likely to impact on teaching standards, the school should also consult the Head of School Effectiveness at NNC.
- 3.6 Where there are delays in producing a recovery plan, the Chair of Governors and Headteacher will be required to meet with Schools Finance to explain the reasons for the delay and for actions to be agreed.

#### **4 Authorisation of Licensed Deficits**

- 4.1 The business case and recovery plan will be scrutinised by NNC Schools Finance who will liaise with the school, and NNC Human Resources (or the school HR advisor) and the School's Improvement Manager within Children Services as required to resolve any queries or concerns they may have regarding the information provided. Any such queries are to be resolved as quickly as possible.
- 4.2 Where necessary, the matter may be referred to the Head of School Standards and Effectiveness who may recommend more formal intervention to the Director of Children's Services i.e.:
  - a. issuing a local authority warning notice
  - b. instigation of an Interim Executive Board
  - c. removal of the school delegated budget
- 4.3 Once the above scrutiny process has been completed, the business case and recovery plan will be presented to the NNC's Children's Strategic Finance Business Partner & Assistant Director of Finance & Strategy who

will formally authorise the licensed deficit, subject to any further queries which might arise. This process should be complete within one month of receipt of the business case and recovery plan –any delay will be notified to the school.

- 4.4 The annual recovery plan and approach for any schools with deficits greater than £50k (Primary, Nursery or Special) or £100k (Secondary) will need to be authorised by the Assistant Director of Education.
- 4.5 The school will be notified of the decision in writing which will include any terms and conditions attached to the authorisation which will include:
- a. The maximum deficit allowed for each year covered by the authorisation;
  - b. The period covered by the authorisation;
  - c. The monitoring and reporting requirements; and
  - d. Measures which may be taken if the school fails to adhere to the agreed plan or the terms and conditions.
- 4.6 A copy of the authorisation letter will be sent to NNC Human Resources (or the school HR advisor) and the Head of School Effectiveness.

## **5 Managed Deficits**

- 5.1 Any deficits which are below the 1% threshold for licensed deficits will be deemed to be “managed deficits”. Budgets with a managed deficit should be recovered to a balanced position by the end of the financial year.
- 5.2 On receipt of a Budget Proposal Form which shows a managed deficit, the School Support team will confirm the reporting requirements in the letter agreeing to the budget.
- 5.3 The school will be required to submit a copy of their Cumulative Expense Analysis Report to School Support team by either the 15<sup>th</sup> of each month (or every 2 months) as stated in the deficit approval letter for the financial year concerned which will be scrutinised by the School Support team.
- a. Where there is evidence that the school will not achieve a balanced budget by the financial year end the Schools support team will discuss this with the Headteacher (and where necessary Chair of Governors) to identify and agree further savings to be made to achieve the necessary target.
  - b. In the event that the school is still forecasting it will be unable to deliver a balanced budget by year end, the matter is to be referred to the Senior finance business partner in Children’s Service who will decide what action may be taken.

## **6 Monitoring and Reporting**

- 6.1 All schools with a licensed deficit or managed budget will be required to submit a monthly deficit monitoring report to School Support team by the 15<sup>th</sup> of the month during the period covered by the licensed deficit to

demonstrate current and forecast expenditure.

- 6.2 The format of the monitoring report will be as follows:
- a. A covering note from the chair of governors explaining the progress made during the period and the reasons for any deviation from the agreed recovery plan and the actions being taken to rectify the situation.
  - b. A copy of the Cumulative Expense Analysis Report as at the submission date.
- 6.3 Where any non-delivery within the submitted recovery plan occurs, schools will be required to outline the reasons for variances and identify alternative mitigating actions to deliver the deficit recovery plan.
- 6.4 The monitoring reports will be scrutinised by the Schools Finance team who will raise any concerns (which will include failure to submit the monitoring reports on time) directly with the Chair of Governors or Headteacher in the first instance.
- 6.5 In the event that the monitoring report is not received within 14 days of the due date, the Schools Finance team will notify the Finance Business Partner, School funding, who will recommend to the Children's Services Strategic Finance Business partner what follow up action may be required, which may include:
- a. Notifying NNC HR (or the school HR advisor) and the Head of School Effectiveness.
  - b. Calling the Chair of Governors and Headteacher in for a meeting to discuss the situation.
  - c. Referring the matter to the Assistant Director Education who may recommend more formal intervention to the Director of Children's Services i.e.:
    - issuing a local authority warning notice
    - instigation of an Interim Executive Board
    - removal of the school delegated budget
- 6.6 The School team will maintain a central monitoring spreadsheet which will contain the details of all maintained schools with agreed deficits and the following information:
- a. Details of all licensed and managed budgets;
  - b. Dates when monthly reports have been received;
  - c. Comments and concerns including meetings held etc. and
  - d. Proposed dates of academy conversions.
- 6.7 This information will be shared on a regular basis with senior school improvement colleagues.

## **7 In-Year Deficit**

- 7.1 When a potential new deficit is identified during the financial year either by the school or by School Support team as part of their monitoring, the following process will apply:
- a. The potential deficit will be acknowledged by the Strategic Finance Business Partner, who will confirm to the chair of governors in writing the requirement for monitoring reports to be submitted and any other requirements.
  - b. A copy of the letter will be sent to NNC Human Resources (or the school HR advisor) and the Head.
- 7.2 The school should develop their plans for recovering the deficit as soon as a potential deficit is identified with support from Schools Support team and a formal business case and recovery plan is to be submitted within 3 months of the in-year deficit being identified (or with the next budget proposal whichever is earlier).
- 7.3 Details of the in-year deficit will be entered onto the monitoring spreadsheet by the Schools Finance team.

## **8 Accelerated Cash Advances for Deficit Schools**

- 8.1 Schools with a deficit budget will only be permitted to apply for an accelerated cash advance up to the value of their authorised deficit.
- 8.2 Any application will need to identify when the accelerated cash advance will be repaid.

## **9 Further Advice**

- 9.1 Further advice on planning school's budgets should be sought from Schools Finance Support Team.



# Agenda Item 7



North  
Northamptonshire  
Council

North Northamptonshire Schools Forum: 20 October 2022

## Agenda Item 7

### 2023-24 National Funding Formula (NFF) for Schools and High Needs

#### 1. Background

1.1 This report sets out:

- Details of the National Funding Formula (NFF) 2023-24 policy publication for schools and high needs
- North Northamptonshire Council's local formulae for school budgets and high needs

#### 2. National Funding Formula (NFF) for Schools and High Needs

2.1 The Department for Education (DfE) published on 19 July an update on the policy paper of the National Funding Formula (NFF) 2023-24 for schools and high needs. Details can be found on [The national funding formulae for schools and high needs \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

2.2 2022-23 was the first year of the spending review where the Government announced the total core school budget will increase to £56.8 billion by 2024-25; a £7 billion cash increase compared with 2021-22. 2023-24 will be the second year of that three-year funding settlement. Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5 billion in 2023-24 compared to the previous year, on top of the £4 billion increase in 2022-23.

2.3 The main features of 2023-24 schools funding are as follows:

- a) Nationally funding through the schools NFF is increasing by 1.9% per pupil on average overall in 2023-24 compared to 2022-23. For North Northamptonshire this average figure is 2.09% but this % will differ from school to school.
- b) 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)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%.
- c) 2.4% to basic entitlement, lower prior attainment (LPA), free school meals (FSM), English as an additional language (EAL), mobility, sparsity factors and the lump sum.
- d) 0.5% to the floor and the minimum per pupil levels (MPPLs).
- e) 0% on the premises factors, except for PFI which has increased by RPIX.
- f) Local authorities must set a MFG between 0% and +0.5% per pupil to protect schools from excessive year on year losses.
- g) The 2022 to 2023 schools supplementary grant has been rolled into the schools NFF.

- 2.4 The DfE presentation on revenue funding policy and National Funding Formula in 2023-24 is attached to this report.
- 2.5 2023-24 will be the first year of transition to the direct schools NFF. The approach to tightening and mirroring the NFF is compulsory 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. 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.
- 2.6 As North Northamptonshire schools are already mirroring the NFF, North Northamptonshire schools are already compliant with this requirement.
- 2.7 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.

### 3. Notional school budgets 2023-24

- 3.1 In support of the policy proposals, notional school budget allocations calculated by the Education Skills Funding Agency (ESFA) have been published on [National funding formula tables for schools and high needs: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2023-to-2024) to demonstrate the NFF for 2023-24.
- 3.2 North Northamptonshire Council's (NNC) School Funding Formulae is a locally agreed formula working in collaboration with the LA and School Forum in accordance with the DfE statutory guidelines of implementation of the NFF or hard formula within the timescales. It should be noted that NNC local formula factors and funding rates mirror the NFF apart from:
- Growth fund – Growth have **not** been included within the published notional school budget allocations, plus inclusion and changes of the autumn 2022 census. School Forum approval in principle will be required in December 2022 meeting to enable 2023-24 school budget to be set once the DSG funding settlement is announced.
  - NFF funding rates adjusted for Area Cost Adjustment
  - Split site funding.
- 3.3 **Appendix A** sets out the published notional school budget for 2023-24. It must be noted that the published allocation of school notional budgets 2023-24 is for **illustrative purposes** and not final school budgets for 2023-24.
- 3.4 The local authority will be calculating school budgets for 2023-24 upon publication of the Authority Proforma Tool (APT) and Dedicated Schools Grant (DSG) funding settlement in December 2022 as in previous years after applying Schools Forum decisions. School Forum will be approving the final school budgets and APT in January 2023.

For transparency and reporting to School Forum, a comparison of NFF funding factor rates and NNC's funding factor rates is detailed in Table 1 below. The 2022-23 rates were reported in January 2022 when the Schools Forum approved the NNC's schools funding formulae. The 2023-24 NFF rates and the proposed 2023-24 NNC rates are detailed below:

**Table 1 – Comparison of NFF funding rates with NNC funding rates in 2022-23 and 2023-24**

NFF Funding Factors	2022-23 NFF rates	Proposed 2022-23 NNC rates ACA adjusted 1.00329	2023-24 NFF rates	Proposed 2023-24 NNC rates ACA adjusted 1.00329
Minimum Per Pupil Funding	£4,265.00		£4,405.00	
Minimum Per Pupil Funding	£5,321.00		£5,503.00	
Minimum Per Pupil Funding	£5,831.00		£6,033.00	
Primary basic entitlement	£3,217.00	£3,227.58	£3,394.00	£3,405.17
KS3 basic entitlement	£4,536.00	£4,550.92	£4,785.00	£4,800.74
KS4 basic entitlement	£5,112.00	£5,128.82	£5,393.00	£5,410.74
Primary / Secondary FSM	£470.00	£471.55	£480.00	£481.58
Primary FSM6	£590.00	£591.94	£705.00	£707.32
Secondary FSM6	£865.00	£867.85	£1,030.00	£1,033.39
Primary IDACI F	£220.00	£220.72	£230.00	£230.76
Primary IDACI E	£270.00	£270.89	£280.00	£280.92
Primary IDACI D	£420.00	£421.38	£440.00	£441.45
Primary IDACI C	£460.00	£461.51	£480.00	£481.58
Primary IDACI B	£490.00	£491.61	£510.00	£511.68
Primary IDACI A	£640.00	£642.11	£670.00	£672.20
Secondary IDACI F	£320.00	£321.05	£335.00	£336.10
Secondary IDACI E	£425.00	£426.40	£445.00	£446.46
Secondary IDACI D	£595.00	£596.96	£620.00	£622.04
Secondary IDACI C	£650.00	£652.14	£680.00	£682.24
Secondary IDACI B	£700.00	£702.30	£730.00	£732.40
Secondary IDACI A	£890.00	£892.93	£930.00	£933.06
Primary EAL3	£565.00	£566.86	£580.00	£581.91
Secondary EAL3	£1,530.00	£1,535.03	£1,565.00	£1,570.15
Primary LPA	£1,130.00	£1,133.72	£1,155.00	£1,158.80
Secondary LPA	£1,710.00	£1,715.63	£1,750.00	£1,755.76
Primary mobility	£925.00	£928.04	£945.00	£948.11
Secondary mobility	£1,330.00	£1,334.38	£1,360.00	£1,364.47
Primary lump sum	£121,300.00	£121,699.08	£128,000.00	£128,421.12
Secondary lump sum	£121,300.00	£121,699.08	£128,000.00	£128,421.12
Primary sparsity	£55,000.00	£55,180.95	£56,300.00	£56,485.23
Secondary sparsity	£80,000.00	£80,263.20	£81,900.00	£82,169.45
Middle-school sparsity			£81,900.00	£82,169.45
All-through sparsity			£81,900.00	£82,169.45

#### 4. High Needs NFF 2023-24

- 4.1 The structure of the High Needs NFF remains unchanged for 2023-24. This is to ensure stability for local authorities and providers, pending more fundamental changes following the SEND and AP green paper consultation.
- 4.2 The 2023-24 High Needs NFF includes a 5% funding floor to make sure that all local authorities receive an increase of at least 5% per head of their 2-18 population, compared to their 2022-23 funding baseline. Given the additional funding for this and next financial year, there is a minimum increase per head of the 2-18 population of 18% over their 2021-22 baselines.

- 4.3 Gains under the high needs NFF in 2023-24 will be limited to 7%. This gains limit has allowed more local authorities to have greater increases than would have been possible with a higher limit on the gains.

## **5 Central Schools Services NFF 2023-24**

- 5.1 The CSSB provides funding for local authorities to carry out central functions on behalf of maintained schools and academies comprising of ongoing responsibilities and historic commitments.
- 5.2 Local authorities will continue to be protected so the maximum per-pupil year-on-year reduction is below the total value of prudential borrowing and termination of employment cost i.e. the funding for ongoing responsibilities funding is set at 2.5%, while the year on year gains cap will be set at the highest affordable rate, of 5.86%.
- 5.3 Historic commitments funding has again been reduced by 20%, as in recent years.
- 5.4 The DFE has protected local authorities from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the long times over which such costs unwind.

## **6 Early Years National Funding Formula 2023-24**

- 6.1 The DFE issued a consultation the 4<sup>th</sup> July on updating the national funding formulae for the 2, 3 and 4 year old free childcare entitlements, and on the distribution of MNS supplementary funding. This included an announcement of an additional £10m funding for MNS from 2023 to 2024.
- 6.2 Many of the datasets the DFE use in the formulae to reflect the variation in costs and levels of need between areas are not up to date. Using the most current data is important to ensure the funding system is fair, responsive to changing needs and targeted to where it can do most good.
- 6.3 The DFE therefore consulted on proposals to update this data and make some adjustments to the national formulae.
- 6.4 The DFE proposed to mainstream the EY element of the Teachers' Pay and Pensions Grants, meaning this grant will be distributed through the EYNFF and MNS supplementary funding.
- 6.5 The DFE also consulted on plans to reform MNS supplementary funding.
- 6.6 Plans to introduce a funding floor and cap to correct the most extreme outliers was also proposed.
- 6.7 There are no proposed changes to local level funding rules.
- 6.8 The consultation included proposals for new year to year protections for local authority funding rates in 2023-24.
- 6.9 Illustrative modelling published as part of the consultation shows that all local authorities would see an increase of between 1% and 4.5% for the 3-4-year-old entitlement, and between 1% and 8.6% for the 2-year-old entitlement.
- 6.5 The consultation closed on 16 September 2022.
- 6.6 The DFE will publish the government's response and the final rates for 2023-24 as soon as possible in the Autumn 2022.

## **7 Recommendations for Schools Forum**

- 7.1 Schools Forum are asked to note the proposed changes to the 2023-24 National Funding Formula (NFF) for Schools, High Needs, CSSB and Early Years.

## **8 Next steps**

- 8.1 A more detailed report of the available options in modelling the 2023-24 Schools Funding Formula will be presented at the December 2022 Schools Forum.

## **9 Financial implications**

- 9.1 Schools need to be aware of all the latest proposed changes made by the DFE so that they can influence the decisions made by Schools Forum.

## **10 Legal implications**

- 10.1 Schools funding is governed by The School and Early Years Finance (England) Regulations 2021. It is important to ensure decisions are made within the regulations set.

## **11 Risks**

- 11.1 There's the risk that the wrong financial decision is made by Schools Forum. There is also the risk that decisions made could be ultra vires.

### **Report Author:**

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**FOR ILLUSTRATIVE PURPOSES ONLY. THIS IS NOT 2023-24 SCHOOLS BUDGET**

**APPENDIX A**

**National funding formula: Impact of the schools national funding formula - all schools**

<b>KEY:</b>	Baseline funding	Notional NFF funding in 2023-24
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- [iii] x three schools with negative premises adjustments to ensure they reach the minimum per pupil funding levels.

The note numbers succeeding column headers in row 8 correspond to full explanations found in the "Notes" sheet

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9402082	Alfred Street Junior School, Rushden	Primary	115	£639,405	100%	102	£610,022	£5,981	-4.60%	6.06%
9403070	All Saints CEVA Primary School and Nursery	Primary	210	£1,006,647	100%	208	£1,002,376	£4,819	-0.42%	0.50%
9402217	Barton Seagrave Primary School	Primary	627	£2,787,989	100%	625	£2,796,901	£4,475	0.32%	0.65%
9402030	Beanfield Primary School	Primary	657	£2,980,410	100%	664	£3,056,467	£4,603	2.55%	1.58%
9404601	Bishop Stopford School	Secondary	1,081	£6,142,750	100%	1,077	£6,155,055	£5,715	0.20%	0.58%
9402004	Bozeat Community Primary School	Primary	141	£661,261	100%	134	£669,943	£5,000	1.31%	6.98%
9402222	Brambleside Primary School	Primary	400	£1,751,093	100%	409	£1,801,645	£4,405	2.89%	0.85%
9403200	Brigstock Latham's Church of England Primary School	Primary	91	£518,652	100%	98	£552,820	£5,641	6.59%	2.27%
9406907	Brooke Weston Academy	Secondary	912	£5,881,325	100%	912	£5,910,090	£6,480	0.49%	0.50%
9402007	Broughton Primary School	Primary	207	£941,348	100%	201	£942,694	£4,690	0.14%	3.15%
9402201	Compass Primary Academy	Primary	379	£1,790,812	100%	367	£1,777,244	£4,843	-0.76%	2.43%
9406906	Corby Business Academy	Secondary	990	£5,953,519	100%	1,006	£6,178,438	£6,142	3.78%	2.21%
9402019	Corby Old Village Primary School	Primary	204	£969,629	100%	207	£1,017,905	£4,917	2.86%	2.80%
9402111	Corby Primary Academy	Primary	418	£1,830,467	100%	421	£1,854,505	£4,405	1.31%	0.69%
9404003	Corby Technical School	Secondary	758	£4,586,941	100%	916	£5,617,978	£6,133	22.48%	1.89%
9403017	Cottingham CofE Primary School Academy Trust	Primary	132	£632,628	100%	133	£653,579	£4,914	3.31%	3.44%
9403018	Cranford CofE Primary School	Primary	94	£513,848	100%	96	£523,969	£5,458	1.97%	0.79%
9402231	Croyland Primary School	Primary	419	£2,030,771	100%	419	£2,103,132	£5,019	3.56%	3.85%
9402194	Danesholme Infant Academy	Primary	217	£1,078,258	100%	219	£1,115,686	£5,094	3.47%	2.99%
9402178	Danesholme Junior Academy	Primary	369	£1,731,098	100%	362	£1,751,593	£4,839	1.18%	3.24%
9402206	Denfield Park Primary School	Primary	400	£1,828,488	100%	403	£1,881,960	£4,670	2.92%	2.45%
9402145	Earls Barton Primary School	Primary	457	£2,063,570	100%	456	£2,045,288	£4,485	-0.89%	0.58%
9402200	Ecton Village Primary School	Primary	69	£434,692	100%	61	£405,681	£6,651	-6.67%	2.40%
9402244	Exeter A Learning Community Academy	Primary	441	£2,156,379	100%	441	£2,238,248	£5,075	3.80%	4.04%
9402097	Finedon Infant School	Primary	134	£677,001	100%	133	£693,105	£5,211	2.38%	3.71%
9403346	Finedon Mulso Church of England Junior School	Primary	157	£802,124	100%	173	£874,493	£5,055	9.02%	0.50%
9403073	Freemans Endowed Church of England Junior Academy	Primary	234	£1,077,324	100%	240	£1,131,801	£4,716	5.06%	3.10%
9403030	Geddington Church of England Primary School	Primary	201	£897,321	100%	195	£880,542	£4,516	-1.87%	0.77%
9403031	Glaphthorn Church of England Primary School	Primary	80	£476,083	100%	75	£465,597	£6,208	-2.20%	2.83%
9402103	Grange Primary Academy	Primary	178	£988,477	100%	187	£1,038,908	£5,556	5.10%	0.77%
9403316	Great Addington CofE Primary School	Primary	94	£513,191	100%	91	£514,676	£5,656	0.29%	3.73%
9402041	Great Doddington Primary	Primary	136	£676,751	100%	138	£699,128	£5,066	3.31%	2.83%
9402139	Greenfields Primary School and Nursery	Primary	335	£1,702,413	100%	378	£1,913,328	£5,062	12.39%	0.50%
9403033	Grendon Church of England Primary School	Primary	105	£552,117	100%	104	£561,306	£5,397	1.66%	3.50%
9402043	Gretton Primary School	Primary	148	£674,627	100%	154	£714,863	£4,642	5.96%	3.18%
9402227	Hall Meadow Primary School	Primary	203	£889,584	100%	207	£911,835	£4,405	2.50%	0.93%
9402028	Havelock Infant School	Primary	249	£1,092,894	100%	248	£1,114,322	£4,493	1.96%	2.63%
9402027	Havelock Junior School	Primary	323	£1,420,181	100%	316	£1,398,505	£4,426	-1.53%	0.50%
9402057	Hawthorn Community Primary School	Primary	284	£1,255,930	100%	278	£1,263,399	£4,545	0.59%	2.83%
9402180	Hayfield Cross CofE School	Primary	339	£1,484,843	100%	374	£1,648,520	£4,408	11.02%	1.59%
9402173	Hazel Leys Academy	Primary	209	£1,070,080	100%	210	£1,104,557	£5,260	3.22%	3.17%
9402230	Henry Chichele Primary School	Primary	382	£1,718,361	100%	392	£1,772,584	£4,522	3.16%	0.86%
9402048	Higham Ferrers Junior School	Primary	350	£1,561,955	100%	339	£1,524,667	£4,498	-2.39%	0.50%
9402140	Higham Ferrers Nursery and Infant School	Primary	225	£1,027,141	100%	241	£1,125,952	£4,672	9.62%	3.78%
9404017	Huxlow Science College	Secondary	797	£4,959,860	100%	833	£5,288,082	£6,348	6.62%	2.18%

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**APPENDIX A**

**National funding formula: Impact of the schools national funding formula - all schools**

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9402232	Irchester Community Primary School	Primary	389	£1,711,098	100%		£1,734,739	£4,459	1.38%	1.49%
9402053	Irthlingborough Junior School	Primary	408	£1,816,446	100%	388	£1,756,127	£4,526	-3.32%	1.40%
9402054	Irthlingborough Nursery and Infant School	Primary	279	£1,255,613	100%	270	£1,250,640	£4,632	-0.40%	2.88%
9403320	Isham Church of England Primary School	Primary	102	£499,675	100%	103	£530,648	£5,152	6.20%	7.29%
9406908	Kettering Buccleuch Academy	All-through	1,592	£8,984,670	100%	1,599	£9,221,479	£5,767	2.64%	2.22%
9402062	Kettering Park Infant Academy	Primary	227	£1,117,992	100%	247	£1,231,971	£4,988	10.19%	2.49%
9402211	Kettering Park Junior Academy	Primary	342	£1,591,546	100%	321	£1,562,531	£4,868	-1.82%	4.43%
9406909	Kettering Science Academy	Secondary	1,118	£7,075,565	100%	1,218	£7,972,459	£6,546	12.68%	3.64%
9403201	Kings Cliffe Endowed Primary School	Primary	196	£937,273	100%	192	£911,767	£4,749	-2.72%	3.25%
9402089	Kingswood Primary Academy	Primary	209	£1,127,290	100%	206	£1,144,092	£5,554	1.49%	3.16%
9404013	Kingswood Secondary Academy	Secondary	1,075	£6,946,341	100%	1,071	£7,080,188	£6,611	1.93%	2.34%
9402066	Little Harrowden Community Primary School	Primary	205	£905,498	100%	202	£924,262	£4,576	2.07%	3.94%
9403514	Little Stanion Primary School	Primary	209	£967,024	100%	207	£944,923	£4,565	-2.29%	1.97%
9402156	Loatlands Primary School	Primary	382	£1,675,471	100%	386	£1,700,330	£4,405	1.48%	0.55%
9403042	Loddington CoE (VA) Primary School	Primary	93	£521,317	100%	89	£526,687	£5,918	1.03%	6.11%
9404009	Lodge Park Academy	Secondary	822	£5,302,841	100%	808	£5,500,274	£6,807	3.72%	5.61%
9405406	Manor School Sports College	Secondary	865	£5,005,041	100%	873	£5,213,097	£5,971	4.16%	3.31%
9402029	Mawsley Primary School	Primary	338	£1,534,160	100%	314	£1,444,269	£4,600	-5.86%	0.50%
9402144	Meadowside Primary School	Primary	349	£1,561,730	100%	340	£1,532,367	£4,507	-1.88%	0.50%
9402207	Mears Ashby Church of England Primary School	Primary	73	£432,366	100%	77	£469,276	£6,094	8.54%	7.96%
9405206	Millbrook Infant School	Primary	279	£1,239,683	100%	246	£1,113,731	£4,527	-10.16%	0.50%
9405207	Millbrook Junior School	Primary	474	£2,060,208	100%	448	£1,985,175	£4,431	-3.64%	0.50%
9404015	Montsaye Academy	Secondary	907	£5,412,265	100%	935	£5,756,612	£6,157	6.36%	3.33%
9402072	Nassington Primary School	Primary	87	£519,551	100%	85	£524,016	£6,165	0.86%	3.71%
9402236	Newton Road School	Primary	255	£1,239,139	100%	254	£1,288,097	£5,071	3.95%	4.82%
9403513	Oakley Vale Primary School	Primary	418	£1,830,638	100%	419	£1,845,695	£4,405	0.82%	0.64%
9402163	Oakway Academy	Primary	562	£2,780,728	100%	567	£2,832,356	£4,995	1.86%	1.05%
9402242	Olympic Primary	Primary	338	£1,671,387	100%	333	£1,708,130	£5,130	2.20%	3.92%
9403048	Oundle Church of England Primary School	Primary	376	£1,648,188	100%	381	£1,678,305	£4,405	1.83%	0.64%
9402246	Our Lady's Catholic Primary School	Primary	393	£1,794,152	100%	373	£1,735,728	£4,653	-3.26%	1.67%
9403509	Our Lady of Walsingham Catholic Primary School	Primary	371	£1,800,517	100%	382	£1,858,702	£4,866	3.23%	0.50%
9402099	Park Junior School, Wellingborough	Primary	241	£1,194,607	100%	241	£1,199,923	£4,979	0.45%	0.50%
9403051	Polebrook Church of England Primary School	Primary	84	£488,519	100%	77	£479,902	£6,232	-1.76%	6.01%
9404016	Prince William School	Secondary	985	£5,619,319	100%	1,047	£6,084,721	£5,812	8.28%	2.05%
9402203	Priors Hall - A Learning Community	Primary	334	£1,504,057	100%	392	£1,751,013	£4,467	16.42%	0.50%
9403333	Pytchley Endowed Church of England Primary School	Primary	93	£540,506	100%	86	£535,609	£6,228	-0.91%	6.88%
9402077	Raunds Park Infant School	Primary	125	£630,559	100%	148	£725,926	£4,905	15.12%	0.50%
9402215	Redwell Primary School	Primary	628	£2,794,901	100%	628	£2,766,340	£4,405	-1.02%	0.67%
9403053	Ringstead Church of England Primary School	Primary	95	£551,090	100%	110	£626,112	£5,692	13.61%	2.61%
9402109	Rockingham Primary School	Primary	303	£1,439,209	100%	326	£1,554,488	£4,768	8.01%	1.12%
9402080	Rothwell Junior School	Primary	362	£1,616,179	100%	368	£1,689,070	£4,590	4.51%	3.19%
9402081	Rothwell Victoria Infant School	Primary	273	£1,231,870	100%	243	£1,160,458	£4,776	-5.80%	5.08%
9404027	Rushden Academy	Secondary	692	£4,269,062	100%	696	£4,412,150	£6,339	3.35%	2.86%
9402167	Rushden Primary Academy	Primary	339	£1,485,333	100%	366	£1,612,230	£4,405	8.54%	1.28%
9402088	Rushton Primary School	Primary	102	£551,387	100%	99	£553,178	£5,588	0.32%	3.51%



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9402241	Ruskin Academy	Primary	302	£1,513,705	100%		£1,480,448	£5,213	-2.20%	3.79%
9402128	Ruskin Infant School	Primary	152	£815,768	100%	145	£803,855	£5,544	-1.46%	3.01%
9405409	Sir Christopher Hatton Academy	Secondary	1,118	£6,618,864	100%	1,150	£6,959,665	£6,052	5.15%	2.32%
9402086	South End Infant School	Primary	255	£1,138,193	100%	262	£1,204,708	£4,598	5.84%	3.85%
9402130	South End Junior School	Primary	358	£1,603,587	100%	354	£1,591,921	£4,497	-0.73%	0.50%
9405400	Southfield School for Girls	Secondary	924	£5,313,899	100%	936	£5,533,353	£5,912	4.13%	2.90%
9402159	St Andrew's Church of England Primary School	Primary	316	£1,474,491	100%	312	£1,473,690	£4,723	-0.05%	1.22%
9402168	St Barnabas Church of England School	Primary	177	£847,380	100%	180	£891,855	£4,955	5.25%	4.42%
9402179	St Brendan's Catholic Primary School	Primary	299	£1,336,955	100%	297	£1,363,827	£4,592	2.01%	2.91%
9403408	St Edward's Catholic Primary School	Primary	186	£917,093	100%	182	£903,991	£4,967	-1.43%	0.50%
9403322	St Mary's Church of England Voluntary Aided Primary School	Primary	260	£1,283,189	100%	256	£1,301,685	£5,085	1.44%	3.19%
9403406	St Patrick's Catholic Primary School, Corby	Primary	204	£965,282	100%	209	£1,020,251	£4,882	5.69%	4.06%
9402120	St Peter's Church of England Academy	Primary	195	£905,850	100%	198	£926,570	£4,680	2.29%	1.11%
9403502	St Thomas More Catholic Primary School	Primary	217	£951,339	100%	218	£971,810	£4,458	2.15%	2.02%
9402243	St. Marys CofE Primary School	Primary	309	£1,383,567	100%	306	£1,404,447	£4,590	1.51%	2.66%
9405210	Stanion Church of England (Aided) Primary School	Primary	108	£515,935	100%	110	£531,008	£4,827	2.92%	2.02%
9402078	Stanwick Academy	Primary	194	£852,643	100%	200	£899,934	£4,500	5.55%	3.33%
9402021	Studfall Infant Academy	Primary	335	£1,547,644	100%	342	£1,599,425	£4,677	3.35%	1.53%
9402020	Studfall Junior Academy	Primary	457	£2,048,972	100%	452	£2,098,141	£4,642	2.40%	3.69%
9403339	Sywell Church of England Primary School	Primary	95	£494,775	100%	91	£493,315	£5,421	-0.30%	3.98%
9402087	Tennyson Road Infant School	Primary	69	£442,847	100%	57	£392,779	£6,891	-11.31%	1.06%
9402100	The Avenue Infant School	Primary	180	£930,577	100%	177	£921,327	£5,205	-0.99%	0.50%
9404094	The Ferrers School	Secondary	850	£5,015,489	100%	839	£5,124,852	£6,108	2.18%	3.58%
9404055	The Latimer Arts College	Secondary	1,005	£5,858,473	100%	1,009	£6,060,685	£6,007	3.45%	3.01%
9405209	Thrapston Primary School	Primary	447	£1,980,823	100%	469	£2,087,039	£4,450	5.36%	0.83%
9403066	Titchmarsh Church of England Primary School	Primary	103	£553,262	100%	98	£549,139	£5,603	-0.75%	3.92%
9403000	Trinity Church of England Primary School	Primary	125	£597,447	100%	129	£625,012	£4,845	4.61%	2.79%
9402142	Victoria Primary Academy	Primary	418	£1,972,254	100%	408	£1,955,404	£4,793	-0.85%	1.51%
9402091	Warmington School	Primary	95	£526,009	100%	88	£517,602	£5,882	-1.60%	5.33%
9402240	Warwick Academy	Primary	288	£1,451,608	100%	272	£1,417,682	£5,212	-2.34%	3.17%
9404012	Weavers Academy	Secondary	1,145	£7,368,789	100%	1,123	£7,427,827	£6,614	0.80%	2.79%
9403068	Weldon Church of England Primary School	Primary	206	£911,141	100%	208	£935,645	£4,498	2.69%	2.14%
9402155	Whitefriars Primary School	Primary	412	£1,860,758	100%	408	£1,839,709	£4,509	-1.13%	0.84%
9403082	Wilbarston Church of England Primary School	Primary	99	£520,001	100%	96	£526,028	£5,479	1.16%	4.90%
9403345	Wilby Church of England Primary School	Primary	86	£477,207	100%	86	£486,031	£5,652	1.85%	2.54%
9402098	Windmill Primary School	Primary	400	£1,753,737	100%	405	£1,784,025	£4,405	1.73%	0.61%
9402104	Wollaston Primary School	Primary	323	£1,416,473	100%	326	£1,436,030	£4,405	1.38%	0.58%
9404038	Wollaston School	Secondary	1,187	£6,752,899	100%	1,182	£6,888,193	£5,828	2.00%	2.47%
9403084	Woodford Church of England Primary School	Primary	90	£484,943	100%	90	£497,191	£5,524	2.53%	3.67%
9405208	Woodnewton- A Learning Community	Primary	790	£3,464,251	100%	771	£3,422,609	£4,439	-1.20%	1.19%
9404014	Wrenn School	Secondary	1,083	£7,099,112	100%	1,163	£7,763,611	£6,676	9.36%	2.09%
<b>Total North Northamptonshire Schools</b>			<b>49,202</b>	<b>£257,299,482</b>		<b>49,681</b>	<b>£265,545,501</b>			

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**WELCOME**

# **An introduction to high needs funding**

**We will commence shortly...**



# High Needs Funding- an overview

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Presented by:

Walter Bernard  
Russell Ewens  
Benedict Coffin

The screenshot shows the GOV.UK website page for 'Guidance High needs funding: 2023 to 2024 operational guide'. The page is titled 'Guidance High needs funding: 2023 to 2024 operational guide' and was published on 10 August 2022. It includes a table of contents, a summary section, and a table of definitions of terms.

**Table 1: definitions of terms**

Term used	Definition of term
Provider local authority	This is usually the local authority where a school or college is located. The provider (local authority) funds the high needs places at a school or college from its dedicated schools grant (DSG). For centrally funded schools and colleges, that is, non-maintained special schools (NMSS), special post-16 institutions (SP16) and a small number of other further education (FE) Education and Skills Funding Agency (ESFA) is considered the provider local authority.



# High needs funding

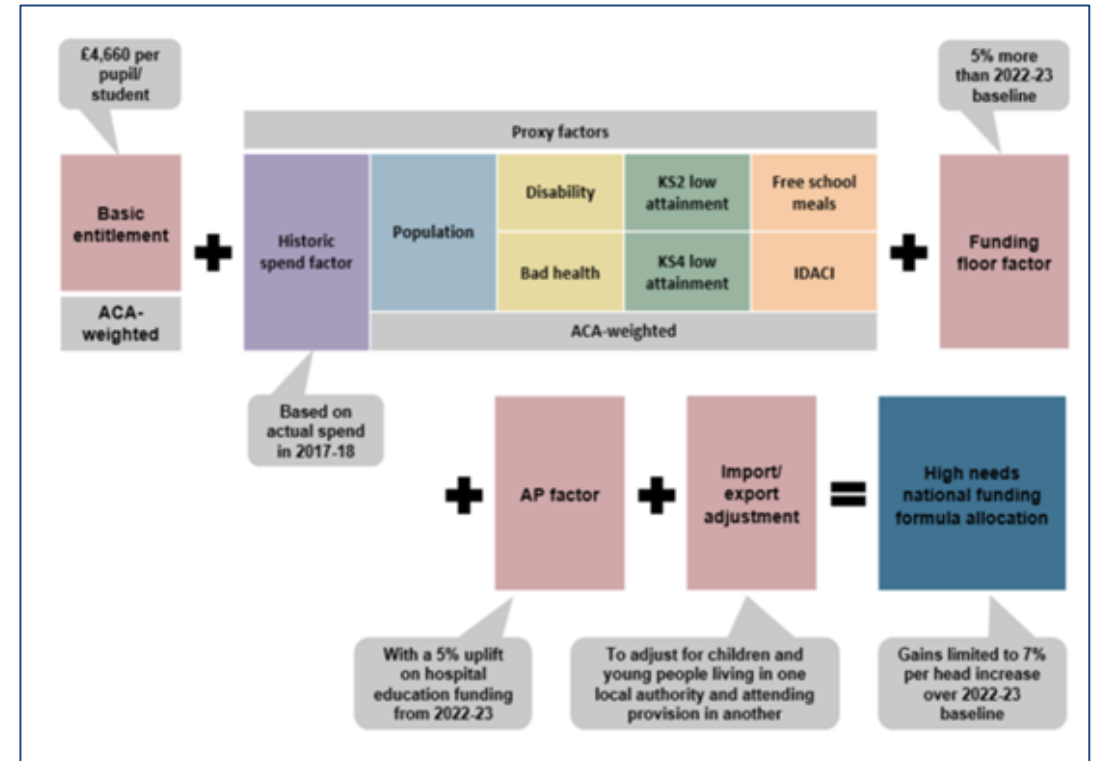
- The high needs national funding formula
- High needs funding: 2023-24 operational guide
- Who is a high needs student?
- How is funding allocated?
- What funding rates are applied?
- How does it differ by school or college provider type?
- High needs NFF & the import/export adjustment
- The annual place change process
- Important dates
- Resources
- Q&A



# High needs national funding formula (NFF):

- Visual illustrates 12 elements of the high needs NFF which underpin the local authority high needs block allocations

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# High needs NFF in 2023 to 2024

## Some highlights of the 2023 to 2024 allocations:

- The basic structure of the high needs NFF is not changing
- The funding floor factor in the high needs NFF for 2023 to 2024 is set at **5%** per head of 2 to 18 population
- The limit on gains is set at **7%**
- Both the funding floor and gains cap percentages use 2022 to 2023 baselines that include the supplementary funding allocated for 2022 to 2023 in December 2022.
- The low attainment factors continue to use 2019 data, as a proxy for both 2020 and 2021 key stage 2 test and GCSE exam data

## **Government support will continue to help LAs with DSG deficit reduction through a number of programmes focusing on managing high needs budgets more sustainably**

- DSG management plans, a helpful local budget planning tool.



# High needs funding: 2023 to 24 operational guide

GOV.UK

Home > Education, training and skills > High needs funding arrangements: 2023 to 2024

Education & Skills Funding Agency

## Guidance

# High needs funding: 2023 to 2024 operational guide

Published 10 August 2022

Applies to England

Contents

1. Summary
2. Changes to the high needs funding operational guide for 2023 to 2024
3. Annual 2023 to 2024 funding overview
4. SEND and alternative provision green paper
5. Important dates
6. High needs funding and the dedicated schools grant (DSG)
7. How local authority high needs allocations are calculated
8. How funding is allocated to schools and colleges
9. High needs place funding
10. Historic teachers' pay and pensions funding
11. Top-up funding
12. Local authority high needs services and support
13. Alternative provision
14. Funding by type of education provider
15. High needs funding: post-16 special circumstance

## 1. Summary

This guide describes how the 2023 to 2024 financial and academic year high needs funding system will work for all types of education provision. Unless the context relates specifically to the national funding formula (NFF) allocations and operational processes relating to 2023 to 2024, most of this guidance applies to the current financial year and should therefore be implemented immediately.

The guide is primarily for local authorities, schools and colleges, although some sections of the guide may not apply to all organisations. It may also be useful to anyone with an interest in special educational needs and disabilities (SEND), alternative provision (AP) and high needs funding.

The guide explains how the high needs funding system operates for local authorities and different school and college types across England. It can be used to inform local budget planning and consultations over the autumn term and beyond, particularly in agreeing how high needs provision should be supported, commissioned and funded.

The definitions of terms used throughout this guide are detailed below:

**Table 1: definitions of terms**

Term used	Definition of term
<b>Provider local authority</b>	This is usually the local authority where a school or college is located. The provider local authority funds the high needs places at a school or college from its dedicated schools grant (DSG). For centrally funded schools and colleges, that is, non-maintained special schools (NMSS), special post-16 institutions (SPIs) and a small number of other further education (FE), Education and Skills Funding Agency (ESFA) is considered the provider local authority





# Who is a high needs pupil/student?

**Pupils and students who may receive support from local authorities' high needs budgets include:**

- Children aged 0 to 5 with SEND, some of whom may have EHC plans
- Pupils aged 5 to 18 with high levels of SEND; most but not all of these have EHC plans. High needs funding is available for –
  - Pupils and students in mainstream schools and FE whose support is assessed at a level that costs more than £6,000 per annum
  - Pupils and students in special schools and other specialist provision
- Students aged 19 to 25 who have an EHC plan, and who fall into the above categories
- And all compulsory school aged pupils placed in alternative provision by either a local authority or a school



# High Needs Funding – broad approach

- **Schools and Colleges receive funding in different ways as below:**
  - **Core or place funding** – the annual allocation a school or college receives either directly from the provider LA (in the case of a maintained school) or ESFA. The amount allocated can be pupil, student or place based and/or a combination of both; and differs according to educational provider type. Place funding comes from LAs' high needs allocations
  - **Top-up funding** – additional funding from the LA (or school in the case of alternative provision) for the excess costs of individual pupils/students with high needs
  - High needs funding for services under a **service level agreement**



# Top-up funding

- Funding required over and above core/place funding
- Paid by the LA in which the pupil is resident. This is the LA responsible for maintaining their Education, Health and Care (EHC) plan
- Reflects cost of additional support
- Payments need to be made in a timely fashion (monthly unless otherwise agreed)
- EHC plan may not be required (except for students aged 19 to 25)
- Top-up can be negotiable, and can reflect aspects of whole school/college provision, for instance normal levels of under occupancy. Locally determined banded funding systems are also used



# Import /export adjustment

- **What is it for? To reflect:**
  - Higher costs if a school/college attracts more pupils and students with high needs who live outside their area ('imports')
  - Lower costs if an LA "exports" pupils and students to a school/college in another authority area
- **The adjustment draws on data from the January school census and ILR06:**
  - Pupils (age 4 to 18) with top-up funding in mainstream and special schools, academies and NMSS
  - Post-16 students (age 16 to 18 and 19 to 24 year olds with EHC plans) with top-up funding in FE institutions
- **Funding adjustment - can be positive or negative**
- **For ESFA funded providers** we are considered an 'LA' for the purpose of the import/export adjustment, hence data includes Non Maintained Special Schools (NMSS) & SPIs centrally funded by ESFA
- **Alternative Provision** – adjustments are not made due to local data challenges



# Summary timeline: 2023-24 import/export adjustment

- **May/June 2023** – import export data issued with guidance on data error process
- **July 2023** – Local authorities can notify ESFA of census or ILR data errors, requiring a change to the import/export adjustment. As these are likely to impact on other LAs, agreement with the relevant authority and/or evidence of a data error will be required.
- **August/September 2023** – ESFA communicate outcomes from data error process
- **November 2023** – 2023-24 DSG updated to reflect agreed changes
- Currently nearing the end of the 2022-23 import/export process and will engage with local authorities on possible improvements for next year



# Changing 2023 to 2024 high needs place numbers

- **The place change notification process for 2023 to 2024 will be launched in October 2022**
- **Purpose of the place change notification process**
  - So that ESFA funded schools/colleges receive the correct place funding, and this is equivalent to the DSG deductions of place funding that will be made in March 2023
  - To notify ESFA of changes to place numbers
- **Local authorities must ensure:**
  - they consult with their local school/colleges/hospitals in scope of the process to check/amend place numbers
  - funded place numbers include places agreed and commissioned by provider and other LAs (AP Free schools agreed with ESFA directly), including any strategic education planning considerations that may be impacted by local decisions e.g. new provision, demand, local authority reorganisation, etc.



# Local Authority - High Needs Timeline (key dates)

Discussions with schools/colleges and other LAs to inform strategic planning and to seek agreement on 2023 to 2024 high needs place numbers to inform ESFA workbook returns. Supporting place guidance and numbers will be published

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October

Deadline for 2023 to 2024 high needs submission of place number changes return and hospital education funding to ESFA

November

December

Include checking the outcomes for providers located in other LAs

Check published outcomes and ensure queries are discussed with relevant institution(s)

January

Review of, and amendments to, an EHC plan must be completed by 15 February for pupils moving in that calendar year

February

Review of, and amendments to the EHC plan, including specifying the post-16 provision and naming the school/college (31 March)

March

Read updated 23-24 high needs operational guide

Deadline for requests to disapply conditions of grant relating to movement of funding from the schools block (Annex 1, HN guide)

initial 2023 to 2024 DSG early years block allocations to be published

Deadline for submitting final 2023 to 2024 authority proforma tool (APT) to ESFA

Budgets issued to maintained mainstream schools, special schools and PRUs

Complete EHC plan review process (31 March)

Deadline for AP free schools 2023 to 2024 place number returns

2 week enquiry window closed for raising queries regarding 2023 to 2024 funded place numbers



Education & Skills  
Funding Agency

# Special schools minimum funding guarantee (MFG)

MAINSTREAM SCHOOLS HAVE FOR MANY YEARS BEEN PROTECTED FROM SIGNIFICANT REDUCTIONS IN PER-PUPIL FUNDING BY A MINIMUM FUNDING GUARANTEE (MFG)

A SPECIAL SCHOOLS EQUIVALENT TO THE MAINSTREAM SCHOOLS MFG HAS BEEN IN PLACE SINCE 2013-14, AND CALCULATION INCLUDES BOTH PLACE AND TOP-UP FUNDING

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## Part of local school funding formula design

- LAs set their local MFG % within a range set by the department each year
- 2022-23 range is 0.5 to 2% but effective minimum of 3% due to SSG; 2023-24 range is 0 to 0.5%

## Disapplication requests can be made by LA

- MFG rules in regulations
- Exceptions made where MFG % is unaffordable, e.g. due to schools block transfer to high needs budget

## Direct NFF funding floor to replace MFG

- Recent direct NFF consultation has proposed how this will be achieved

## Impacts on top-up funding level set by LAs

- Department sets MFG % each year and LAs set top-up funding levels accordingly
- 2022-23 MFG is 0%, i.e. no cash increase required; 2023-24 % is 3% compared to 2021-22 baseline

## Disapplication requests can be made by LA

- MFG rules in DSG conditions of grant for LAs
- Exceptions made, e.g. where funding bands are being adjusted to better reflect expected levels of need and provision across all schools

## Cannot be applied to AP schools

- MFG calculation assumes like-for-like pupil cohorts between years and single source of top-up funding
- More variable pupil flows in and out of AP and sources of top-up funding (e.g. from schools) prevent us from applying the MFG to AP schools





# Special schools MFG disapplication requests

- Those local authorities who are planning to submit a disapplication request to **contact ESFA at [LA.Disapplications@education.gov.uk](mailto:LA.Disapplications@education.gov.uk) for an initial discussion before starting the process**
- **Formal requests should include:**
  - financial modelling to show the financial impact on those schools whose funding would breach the proposed MFG
  - information on the affected schools' financial health, reserves or deficits and analysis of in-year balances over previous years
  - details of local consultations and schools forum discussions
- **Safety valve programme LAs' requests will be handled separately:**
  - Local authorities that have safety valve agreements with the department should make disapplication requests to the safety valve team at [SafetyValve.Programme@education.gov.uk](mailto:SafetyValve.Programme@education.gov.uk)
  - Local authorities that are engaged in safety valve discussions with the department during 2022 to 2023 should make disapplication requests as part of those discussions



# Education funding and residence

- **Under the Children and Families Act 2014, local authorities are responsible for children and young people with SEN who are wholly or mainly resident in their area. These duties are based on where the child or young person lives and not on where they are educated.**
- Where a child or young person is educated outside the local authority area where they usually live, it is the local authority where the child normally lives that is responsible for conducting the EHC needs assessment and issuing an EHC plan, where necessary, and for securing and funding that provision.
- Some children and young people may require residential educational placements (particularly those with the most complex needs). In such cases, **it is the department's view that the child or young person continues to be considered as living in the local authority area that placed them in the residential provision** (since a residential school or college placement, even for 52 weeks of the year, is educational provision and not a place where a child or young person lives. That is, the child or young person will remain resident at their family home), and, therefore, they would continue to have the duty to maintain any EHC plan.
- **The high needs NFF and [the] data used relating to the children and young people resident in the local authority's area includes a basic entitlement factor and import/export adjustment that together ensure local authorities are appropriately compensated for the high needs place funding for schools and colleges.** This funding allocation is paid directly to the schools and colleges either by the local authority that maintains the school or by ESFA in the case of academies, NMSS and colleges.

# Children and young people who move between LAs

- **Where a child or young person moves from the area of one local authority into the area of another (for example, changes where they usually live), the new local authority becomes responsible for meeting the statutory SEN duties** (as detailed in the SEND Code of Practice, section 9.157 to 9.162). This may happen where a child's family moves, or if a young person decides to remain living where they have been educated.
- If the child or young person already has an EHC plan, the old local authority is required to transfer the EHC plan to the new local authority on the day of the move, or within 15 working days of becoming aware of the move.
- **The new local authority then becomes completely responsible for maintaining the plan and funding the specified educational provision. The new local authority must review the EHC plan** within 12 months of the plan being made or being reviewed by the old authority, or within 3 months of the plan being transferred (whichever is later). The new local authority may conduct a new EHC needs assessment, regardless of when the previous EHC needs assessment took place, since local variations may mean that arrangements in the original EHC plan are no longer appropriate.

## Looked-after children

- When a local authority places a looked after child with an EHC plan in another local authority's area (for example with foster parents), **the local authority where the looked after child lives (is wholly or mainly resident) becomes responsible for maintaining their EHC plan (including paying any top-up funding), in the same way as any child or young person who moves from one local authority's area to another.**
- The policy intention behind this is that the local authority where the child lives knows their local schools and educational provision better, so they are better able to assess whether the child needs special educational provision on top of what is ordinarily available.

# Inter-LA recoupment

- The Inter-authority Recoupment (England) Regulations 2013 permit the local authority where a looked after child with an EHC plan lives to recoup the cost of primary or secondary education, which includes additional SEND educational provision (for example, the costs of top-up funding), from the local authority responsible for looking after the child.
- **Recoupment of education costs will not normally be appropriate**, however, as from 2018 **the high needs funding formula and associated arrangements have been designed to ensure that local authorities' allocations of funding for SEND are based on the characteristics of the children and young people living in their area, including any looked after children.** In addition, there are adjustments to reflect the costs relating to the movement of pupils and students living in one local authority area who receive their education in another local authority area.
- Inter-authority recoupment may remain appropriate in some circumstances, however, following mutual understanding and agreement on how the costs of educating looked after children are funded through the local authorities' respective funding allocations. For example, **recoupment may be appropriate for cross border pupils (Wales). In the case of emergency or temporary placements by the local authority responsible for the looked after child/children, it may be reasonable for the placing local authority to pick up the costs (via recoupment) until a more permanent placement is made and/or the transfer of the EHC plan is arranged. Although such costs may be met directly in these circumstances, inter-authority recoupment may be appropriate in the short term**, for example, where a temporary placement decision of the local authority responsible for the looked after child/children has an unreasonable short-term financial consequence for another local authority because they have not had time to plan for the expenditure from their high needs budget.
- It should be noted that the **recoupment regulations do not provide for recoupment of costs of FE provision**, so costs of additional SEND provision for young people in FE settings cannot be recouped in this way.

# Questions?

## Contact information:

**For high needs or other funding related queries, please submit via the ESFA .gov enquiry form:**

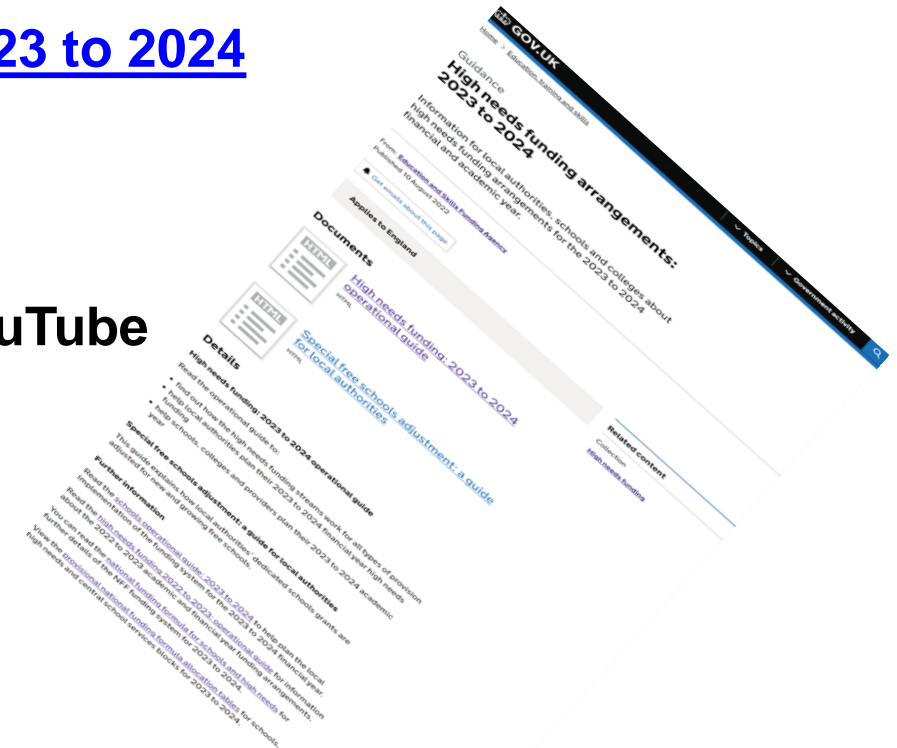
<https://www.gov.uk/guidance/esfa-business-operations-help-and-support#get-help-with-esfa-services>



# Resources & useful links

- [High needs funding arrangements for 2023 to 2024](#), including:
- [High needs funding 2023 to 2024: operational guide](#)
- [High needs: Allocated place numbers](#)
- [Schools & high needs national funding formula: 2023 to 2024](#)
- [DSG deficit management plans](#)
- [2022 to 2023 Import Export Adjustment](#)
- **This presentation video to be made available on YouTube**

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# Changes in school funding and local funding formulae 2023 to 2024



# Agenda

## 1. Summary of changes to the 2023 to 2024 NFF

- Schools
- High needs
- CSSB
- Early Years

## 2. Implications for 2023 to 2024 local formulae, as set out in the schools operational guide



## **Part 1:**

# **Summary of changes to the 2023 to 2024 NFF**

# Key changes to the schools NFF (1): Increases in the level of funding

- Schools NFF funding is increasing by 1.9% per pupil in 2023 to 2024, compared to this year. Taken together with funding increases seen in 2022 to 2023, funding will be 7.9% higher per pupil in 2023-24, compared to 2021-22.
- Individual schools NFF factor values have increased as follows:
  - 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 basic entitlement, lower prior attainment (LPA), free school meals (FSM), English as an additional language (EAL), mobility, sparsity factors and the lump sum.
  - 0.5% to the floor and the minimum per pupil levels (MPPLs)
  - 0% on the premises factors, except for PFI which has increased by RPIX.

# Key changes to the schools NFF (2):

## Rolling in of the schools supplementary grant

The 2022 to 2023 schools supplementary grant has been rolled into the schools NFF.

The methodology used to roll in the grants ensures that the additional funding schools will attract through the NFF is **as close as possible** to the funding they would have received if this funding was continuing as a separate grant. We did this by:

- Adding the value of the basic entitlement; FSM6; and the lump sum parts of the grant to the corresponding factors.
- Adding funding to the minimum per pupil funding levels, to reflect the average amount of funding these schools currently attract through the grant.
- Adding funding to the baseline to increase the amount that schools whose allocations are determined by the funding floor will attract, reflecting the amount of funding these schools currently attract through the grant.

Note: NFF increases on **slide 4** are increases on top of the additional funding provided to the above factors through rolling in of the supplementary grant. The tightened allowable factor values in local formulae also include this funding.

# Key changes to the schools NFF (3): Transition requirements to bring local formulae closer to the NFF

- Local authorities must use all NFF factors, except the locally determined premises factors.
  - Basic entitlement, FSM, FSM6, IDACI, LPA, EAL, mobility, lump sum and sparsity factors are now all compulsory.
  - The NFF definition for the EAL factor must be used.
  - The fringe factor is compulsory for the 5 LAs on the London fringe.
- Local authorities can only use NFF factors in their local formulae.
  - The Looked after children (LAC) factor will no longer be an allowable factor.
- The local formula factor values should be moved at least 10% closer to the NFF, subject to a 2.5% mirroring threshold. (As per next slide)

# Tightening and mirroring

- Local authorities are required to bring their local formula factors 10% closer to the NFF (as adjusted for area cost adjustments (ACA) where relevant.)
- Local factors within 2.5% of the ACA-adjusted NFF values are deemed to be mirroring the NFF. No local authority is required to move their factor values closer to the NFF than the 2.5% mirroring threshold.
- LAs cannot “overshoot” the NFF value in their movement towards the NFF. For ex; an LA which had a local factor value above the NFF value in 2022-23 cannot set it more than 2.5% below the NFF value in 2023-24.
- For London fringe local authorities with two ACAs, the tightening criteria applies in respect of the lower ACA.
- Allowable factor values for each local authority can be found here:  
[Allowable factor value ranges 2023 to 2024.xlsx \(live.com\)](#)

# Key changes to the high needs NFF

- The structure of the high needs NFF is remaining largely unchanged in 2023 to 2024. We want to ensure stability for local authorities and providers, pending more fundamental changes following the SEND and AP green paper consultation.
- The 2023 to 2024 high needs NFF includes a 5% funding floor to make sure that all local authorities receive an increase of at least 5% per head of their 2-18 population, compared to their 2022 to 2023 funding baseline. Given the additional funding for this and next financial year, we have been able to provide a minimum increase per head of their 2-18 population of 18% over their 2021 to 2022 baselines.
- Gains under the high needs NFF in 2023 to 2024 will be limited to 7%. This gains limit has allowed us to provide more local authorities with greater increases than would have been possible with a higher limit on the gains.

# Key changes to the central school services block (CSSB)

- The CSSB provides funding for local authorities to carry out central functions on behalf of maintained schools and academies comprising of ongoing responsibilities and historic commitments.
- Local authorities will be protected so the maximum per-pupil year-on-year reduction in below the total value of prudential borrowing and termination of employment coongoing responsibilities funding is -2.5%, with the gains cap at 5.86%.
- Historic commitments funding has again been reduced by 20%, as in recent years.
- The department has protected local authorities from having a reduction that takes their total historic commitments funding sts, in recognition of time required for costs to unwind.

# Key changes to the Early Years National Funding Formulae

- On 4 July DfE issued a consultation on updating the national funding formulae for the 2, 3 and 4 year old free childcare entitlements, and on the distribution of MNS supplementary funding. This included an announcement of an additional £10m funding for MNS from 2023 to 2024.
- Many of the datasets we use in the formulae to reflect the variation in costs and levels of need between areas are not up to date. Using the most current data is important to ensure the funding system is fair, responsive to changing needs and targeted to where it can do most good.

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We are therefore consulting on proposals to **update this data** and **make some adjustments** to the national formulae. We are proposing to **mainstream the EY element of the Teachers' Pay and Pensions Grants**, meaning this grant will be distributed through the EYNFF and MNS supplementary funding. We are also consulting on plans to **reform MNS supplementary funding**; we are proposing to introduce a funding floor and cap to correct the most extreme outliers. There are no proposed changes to local level funding rules.

- The consultation includes proposals for new year to year protections for local authority funding rates in 2023 to 2024. Illustrative modelling published as part of the consultation shows that all local authorities would see an increase of between 1% and 4.5% for the 3-4-year-old entitlement, and between 1% and 8.6% for the 2-year-old entitlement.
- The consultation will run until 16 September. We will publish the government response and the final rates for 2023 to 2024 as soon as possible in the Autumn.



## **Part 2:**

# **Implications for 2023 to 2024 local formulae, as set out in the schools operational guide**

# Basic entitlement

**This is a compulsory factor. Values must be brought 10% closer to NFF values, subject to the 2.5% mirroring threshold.**

Based on pupil numbers, from reception to year 11, as per the October census/ APT:

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- Funding is allocated according to a basic per-pupil rate
- There is a single rate for primary, but there can be different rates for KS3 and KS4
- The rolled-in basic entitlement element of the supplementary amounts should be added to basic per-pupil rates.
- Local authorities can choose to increase the pupil number count for schools with higher reception pupil numbers in the January census, rather than the October census. This flexibility will be removed as we move towards the direct NFF. We will provide further details on that in due course.

# Minimum per pupil amount (MPPLs)

**This is a compulsory factor.**

- the purpose of this factor is to ensure local authorities provide the minimum per pupil funding levels to primary and secondary schools
- The rates for the minimum per pupil funding levels for 2023 to 2024 are:
  - Primary: £4,405
  - Secondary: £5,715 (£5,503 for KS3 and £6,033 for KS4)
- Local authorities can request to disapply the use of the full NFF MPPLs, by exception and on affordability grounds only.

# Additional needs factors

- These factors should all be brought 10% closer to the NFF, subject to the 2.5% mirroring threshold. All are compulsory.
- These factors allocate funding based on the additional needs of the specific child.
- The factors are:
  - Deprivation factors, including free school meals (FSM), FSM6 and the income deprivation affecting children index (IDACI).
  - Low prior attainment
  - English as an additional language
  - Mobility

# Deprivation factors

**These are compulsory factors. Each of the deprivation factors must be used. Values must be brought 10% closer to NFF values, subject to the 2.5% mirroring threshold.**

- These factors allocate funding based on measures of economic disadvantage.
- The factors are:
  - Free school meals (FSM)
  - FSM6 - In 2023 to 2024, the rolled-in lump sum element of the supplementary amounts should be added to the local formula
  - Income deprivation affecting children index (IDACI)

# Low prior attainment

**This is a compulsory factor. Values must be brought 10% closer to NFF values, subject to the 2.5% mirroring threshold.**

- The low prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs:
  - primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
  - secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths
- As there is no 2020 or 2021 assessment data due to Covid, LAs must use the 2019 data as a proxy for the missing 2020 and 2021 data. The operational guide has further information.

# English as an additional language (EAL)

**This is a compulsory factor. Values must be brought 10% closer to NFF values, subject to the 2.5% mirroring threshold.**

- Pupils identified in the October census with a first language other than English attract funding for three years after they enter the statutory school system. 3 years must now be used as an indicator, in line with the department's methodology for the NFF.
- Separate values for primary and secondary.
- If local authorities allocated funding using EAL 1 in 2022 to 2023, baseline factor values will be multiplied by one third before applying tightening criteria, and for those who used EAL2 the factor values will be multiplied by two thirds.

# Mobility

**This is a compulsory factor. Values must be brought 10% closer to NFF values, subject to the 2.5% mirroring threshold.**

- The mobility factor allocates funding to schools with a high proportion of pupils who first joined on a non-standard date in the last three years.
- To be eligible for mobility funding, the proportion of mobile pupils a school has must be above the threshold of 6%.
- Funding is then allocated on a per-pupil amount to all mobile pupils above that threshold.



# School led funding

- These factors include:
  - Sparsity
  - Lump sum
  - Split sites
  - Rates
  - PFI
  - Exceptional circumstances, related to premises

# Sparsity

**This is a compulsory factor. Values must be brought 10% closer to NFF values, subject to the 2.5% mirroring threshold.**

Schools that are eligible for sparsity funding must meet two criteria:

- they are in areas where pupils would have to travel a significant distance to an alternative school, should the school close; and
- they are small schools

The maximum sparsity values in the 2023 to 2024 NFF are £56,300 for primary schools and £81,900 for secondary, middle, and all-through schools.

There is some flexibility in the design of the factor, which can be done through the APT.

# Lump sum

**This is a compulsory factor. Values must be brought 10% closer to NFF values, subject to the 2.5% mirroring threshold.**

- In 2023 to 2024, the rolled-in lump sum element of the supplementary amounts should be added to the local formula lump sum.
- Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary
- All-through schools will receive the secondary lump sum value and middle schools will receive an average based on the number of primary and secondary year groups.

# Split site

**This is an optional factor.**

- The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites.
- Allocations must be based on objective criteria for the definition of a split site, and for how much is paid.
- Values may be different for primary and secondary schools.
- This is not available for schools sharing facilities, federated schools or those with remote sixth form or early years provision.
- One of the proposals as part of the direct NFF consultation is for local authorities to identify which schools have a split site. This has not been agreed yet.

# Rates

## **This is an optional factor.**

- As in 2022 to 2023, rates will be paid directly by ESFA to those billing authorities adopting the revised NNDR payment process on behalf of their maintained schools and academies.
- In two tier areas, all billing authorities in that county must agree to adopt the new payment process to be able to implement the changes.
- Billing authorities implementing the new payment process for April 2023, will submit rates data via the online portal. Adjustments will be submitted via this service too.
- For April 2023, it remains optional for billing authorities to implement the revised payment process. Local authorities whose billing authority remains under the current arrangements will not see any changes.

# Rates

- DSG allocations will include the NFF NNDR amount and this funding will be included in school's budgets as under current regulations, NNDR remains part of the school's budget share
- Local authorities whose billing authority is **not** adopting the revised payment process will include adjustments in the 2023 to 2024 APT.
- Local authorities whose billing authority **is** adopting the revised payment process will only include adjustments in the 2023 to 2024 APT for the last quarter of 2021 to 2022, where there have been revaluations for their maintained schools. We do not expect any adjustments for academies.
- Billing authorities will confirm by January 2023 which payment process they will implement from April 2023.
- Payments for new claims will be made in a single lump sum in June. October 2023 and March 2024 are for in-year adjustments.

# PFI

## **This is an optional factor.**

- The purpose of this factor is to support schools that have unavoidable extra premises costs, because they are a PFI school, and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority.
- There is no change to the PFI factor for 2023 to 2024.

# Exceptional Circumstances (premises)

**This is an optional factor.**

- Local authorities can apply to the ESFA to use exceptional factors relating to school premises costs, for example, for rents, or joint-use sports facilities
- Local authorities should only submit applications where the value of the factor is more than 1% of a school's budget, and applies to fewer than 5% of the schools in the local authority's area.
- If local authorities received approval from 2018 to 2019 onwards, the approved factors can still be used if the criteria are met. If approval was received prior to this, a new disapplication request is required.



# London fringe

This factor is compulsory for the 5 local authorities it applies to.

- the purpose of this factor is to support schools that have higher costs because they are in the London fringe area, and only part of the local authority is in this area
- the multiplier is applied to the 7 pupil-led factors, the lump sum factor, and the sparsity factor
- The 10% tightening requirement will be calculated in respect of the factor values for the part of the local authority with the lowest ACA value. This year, no tightening criteria are being applied to the parts of the local authority with the highest ACA value.

# Minimum funding guarantee (MFG)

- Local authorities must set a pre-16 MFG in their local formulae, to protect schools from excessive year-on-year losses.
- Local authorities can choose to set an MFG between +0.0% and +0.5% per pupil.
- Local authorities will need to consult on the level of the MFG, as with the rest of the formula.
- Funding representing funding allocated through the 2022 to 2023 schools supplementary grant (SSG) for reception to year 11 pupils must be included in the baseline. The post-16 and early years element of the SSG will continue as a separate grant this year.
- The MFG protection for special schools is changing, but this is covered in the high needs funding operational guide, and a separate workshop.

# MFG exemption

There are exceptional circumstances where local authorities may want to disapply the MFG if there is a significant change in a school's circumstances or pupil numbers. For instance:

- schools that previously qualified for a split site, PFI or exceptional factor, but are no longer eligible (or vice versa)
- where the normal operation of the MFG would produce perverse results for very small schools with falling or rising rolls
- secondary schools that are admitting primary age pupils who would otherwise be over protected at the secondary age weighted pupil unit of funding
- where over protection would otherwise occur, for example where additional funding has been distributed in the previous year and the authority can demonstrate that the funding is genuinely one-off

# Capping and scaling

- Local authorities can choose to cap gains schools receive this year through the local formula, unlike NFF where no gains cap is applied.
- Capping and scaling must be applied on the same basis to all schools. Local authorities and their schools forums will need to agree the levels.
- ESFA will apply caps and scales to academy budgets on the same basis as for maintained schools.

# Setting a formula for 2023 to 2024

- Indicative dedicated schools grant (DSG) budgets were published in July. Further details can be found at [National funding formula tables for schools and high needs: 2023 to 2024](#).
- These are subject to change and will be confirmed in December.

# Growth fund

- Funding is within the schools block DSG allocations.
- Local authorities are responsible for funding the following growth needs for all schools in their area, for new and existing maintained schools and academies. The growth fund can only be used only to:
  - support growth in pre-16 pupil numbers to meet basic need
  - support additional classes needed to meet the infant class size regulation
  - meet the costs of new schools
- To meet this responsibility, most local authorities set aside funding to cover this growth. The amount of the fund can vary depending on the local authority's predictions of growth.

# Growth fund

- Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by the schools forum.
- Criteria must include:
  - details that the growth fund is available to both schools and academies
  - details that the growth fund is available to meet basic need growth as opposed to popular growth
  - details of the methodology of distributing funding

# Falling rolls fund

- Local authorities may set aside schools block funding to create a small fund to support good and outstanding schools with falling rolls, where local planning data shows that the surplus places will be needed within the next three financial years.
- Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases.



# Notional SEN budget

- Local authorities are required to identify a notional budget for mainstream schools, to help with their duty to meet the special educational needs (SEN) of their pupils.
- This is not a separate budget. It is within a maintained school's budget share and an academy's GAG.
- It is calculated by local authorities using local mainstream schools formula factors, and is intended to meet the costs of support for children with SEN up to £6,000 per pupil per annum. High needs top-up funding covers costs over £6,000, and local authorities can also supplement some of their schools' notional SEN budgets with targeted high needs funding.
- Separate guidance has been published to help you review your budget calculations and to help schools understand what the budget is for. This is available on the same web page as the Schools Operational Guide for 2023-24.

# School improvement

- Local authorities currently receive the school improvement monitoring and brokering grant to support them in delivering their school improvement functions in maintained schools.

These are to:

- monitor the performance of maintained schools
  - broker school improvement provision
  - exercise their statutory intervention powers
- From 2023 to 2024, the school improvement monitoring and brokering grant will no longer be paid to local authorities. Local authorities are now able to deduct funding from maintained school budgets for this activity instead.

# Dedicated schools grant (DSG) deficits and high needs exceptional funding

- The department now runs three programmes offering direct support to ensure effectiveness and sustainability of local authorities' high needs systems:
  1. Safety valve
  2. Delivering better value in SEND (DBV)
  3. ESFA support programme

For support with DSG deficits and management plans, contact ESFA at [Financial.MANAGEMENT@education.gov.uk](mailto:Financial.MANAGEMENT@education.gov.uk).

# Other workshops

- 16/09/2022 – 14:00 Authority proforma tool (APT)
- 21/09/2022 – 11:00 High needs funding: an overview
- 21/09/2022 – 15:00 High needs data collection (place change process)
- 23/09/2022 – 11:00 DSG and other grants
- 23/09/2022 – 11:30 Recoupment
- 29/09/2022 – 10:00 Disapplications
- 30/09/2022 – 14:00 LA assurance – s251, CFR, assurance statements
- 04/10/2022 – 11:00 Schools forum
- 04/10/2022 – 14:00 Management plans



Education & Skills  
Funding Agency

## Dedicated schools grant (DSG) and other grants

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**Nick Mantle**

# Formula grants 2022 to 2023

**ESFA currently pays the following revenue grants to local authorities.**

**Dedicated schools grant (DSG)** - [Dedicated schools grant \(DSG\): 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/dedicated-schools-grant-dsg-2022-to-2023)

**Pupil premium** - [Pupil premium: allocations and conditions of grant 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/pupil-premium-allocations-and-conditions-of-grant-2022-to-2023)

**Teachers pay grant** - [Teachers' pay grant: allocations for 2022 to 2023 financial year - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/teachers-pay-grant-allocations-for-2022-to-2023-financial-year)

**Teachers pension employer contribution grant (TPECG)** - [Teachers' pension grant: 2022 to 2023 allocations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/teachers-pension-grant-2022-to-2023-allocations)

# Formula grants 2022 to 2023

**Universal infant free school meals (UIFSM)** - [Universal infant free school meals \(UIFSM\): 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/universal-infant-free-school-meals)

**Primary PE and sports premium** - [PE and sport premium for primary schools - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/primary-pe-and-sports-premium)

**Key stage 2 moderation and key stage 1 phonics** –

<https://www.gov.uk/government/collections/phonics-screening-check-administration>

<https://www.gov.uk/government/publications/key-stage-2-teacher-assessment-guidance>

**Extended rights for free travel** - [https://www.gov.uk/government/publications/extended-rights-to-free-school-travel--2](https://www.gov.uk/government/publications/extended-rights-to-free-school-travel-2)

**Virtual school heads** - <https://www.gov.uk/government/publications/virtual-school-heads-section-31-grant-determination-letter>

# Formula grants 2022 to 2023

**Schools supplementary grant** – [Schools supplementary grant 2022 to 2023 - GOV.UK](https://www.gov.uk/guidance/schools-supplementary-grant-2022-to-2023)  
([www.gov.uk](https://www.gov.uk))

**Senior Mental Health Leads training** – [Senior mental health lead training - GOV.UK](https://www.gov.uk/guidance/senior-mental-health-lead-training) ([www.gov.uk](https://www.gov.uk))

**Cadets School Staff Instructor** – [School staff instructor \(SSI\) funding grant: academies conditions of grant 2021 to 2022 - GOV.UK](https://www.gov.uk/guidance/school-staff-instructor-ssi-funding-grant-academies-conditions-of-grant-2021-to-2022) ([www.gov.uk](https://www.gov.uk))

**Homes for Ukraine** - [Homes for Ukraine: education and childcare funding - GOV.UK](https://www.gov.uk/guidance/homes-for-ukraine-education-and-childcare-funding) ([www.gov.uk](https://www.gov.uk))

**Early Career Framework Funding** - [Funding and eligibility for ECF-based training - GOV.UK](https://www.gov.uk/guidance/funding-and-eligibility-for-ecf-based-training)  
([www.gov.uk](https://www.gov.uk))



# Formula grants 2022 to 2023

**NPQ Targeted Support Fund** - [National professional qualification targeted support funding: conditions of grant - GOV.UK \(www.gov.uk\)](#)

**Recovery Premium** - <https://www.gov.uk/government/publications/recovery-premium-funding>

**National Tutoring Programme** - [National Tutoring Programme \(NTP\) allocations for 2022 to 2023 academic year - GOV.UK \(www.gov.uk\)](#)

# Dedicated schools grant (DSG) 2023 to 2024

# Dedicated schools grant (DSG)

DSG can only be spent on the schools budget as defined in the School and Early Years Finance (England) Regulations.

For financial year 2023 to 2024 the DSG will continue to be based on 4 funding blocks: schools, central school services, high needs and early years.

Local authorities continue to have flexibility to move funding between blocks as follows:

- Transfer up to 0.5% of the schools block to another block, with the approval of their schools forum.
- Movement out of the early years block to any other block is allowed, so long as
  - i) Consultation with the schools forum has taken place, and
  - ii) Any pass through rate condition is also satisfied.
- Movement out of the high needs block to any other block is allowed in consultation with the schools forum, the relevant representatives (or sub-groups) on the schools forum and providers likely to be affected by the transfer.
- Movement out of the central school services block to the schools block is allowed in consultation with the schools forum.

# Dedicated schools grant (DSG)

- Maintained schools and academies should be consulted about the full amount of any proposed transfer.
- A disapplication will be required by **18 November 2022** for:
  - i) movements out of the schools block of over 0.5%
  - ii) any movements out of the schools block that do not have forum approval, but the local authority wishes to proceed.

Where local authorities submit a disapplication they have until **13 January 2023** to amend where there are significant changes, for example :

- Demand for high needs provision has changed significantly, or
- Final pupil numbers in the October 2022 census are significantly different from the expected numbers.

When submitting disapplication requests for transfers from the schools block, local authorities should provide the evidence detailed in the proforma provided by the ESFA

# DSG payment and assurance

- Allocations and payments are made on a financial year basis.
- Payments are made as a single grant in 25 instalments – 3 in April and 2 per month from May to March.
- Each local authority's Chief Finance Officer is required to submit a signed statement confirming that DSG was used in line with the grant conditions.

# DSG balances

## DSG underspends

- DSG underspend can be carried forward to the next financial year, but can only be spent on the schools budget.
- The schools forum should be consulted about the use of any underspend and forum consent is required where it is to be used for central budgets.

## DSG deficits: local authorities must:

- Carry all of the deficit forward to set against the schools budget in the next financial year; or
- Carry part of the deficit forward to set against the schools budget in the next financial year and carry the rest of it forward to the following financial year; or
- Not set any of the deficit against the schools budget in the next financial year, but carry all of the deficit forward to the following financial year.

# DSG balances cont.

- If a local authority sets any part of the deficit against the schools budget for the next financial year, it must plan to eliminate that part of the deficit through funding from the DSG that it will receive during that financial year.
- If the local authority carries any part of the deficit forward to the following financial year, it will need to eliminate it from DSG received in future years.
- If an authority with a DSG deficit wishes to use general funds to eliminate any part of the deficit, or otherwise to add general funds to its schools budget, it must apply to the Secretary of State for permission.
- **In reference to ring fencing requirements that stipulate DSG deficits must be held in a separate reserve in local authority accounts, we still await a decision on whether this position will continue beyond 2022/23**

# Schools and high needs allocations

- Plan to issue allocations for 2023 to 2024 in December 2022.
- The schools block will be allocated using the primary and secondary units of funding published in July 2022 multiplied by the number of pupils recorded on the October 2022 school census (including pupils in special units and resourced provision).

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Allocations for the high needs block will be:

- Those published in July 2022 using the high needs NFF and the basic entitlement, updated to reflect the high needs pupil numbers from the October 2022 school census.



# CSSB and early years allocations

The CSSB will be allocated using:

- The unit of funding for ongoing commitments published in July 2022 multiplied by the same pupil numbers from October 2022 census used for the schools block.
- Plus historic commitments funding. We will apply protection to ensure historic commitments cannot fall below the total value of ongoing termination of employment and prudential borrowing costs. LAs in this position should contact [FundingPolicy.QUERIES@education.gov.uk](mailto:FundingPolicy.QUERIES@education.gov.uk).

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Early years block – provisional allocations for the early years block will be published in **December 2022**.

**Details of all information on slides 12 and 13 are located on the following webpage:**

**[Schools operational guide: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/schools-operational-guide-2023-to-2024)**

# DSG updates for 2023 to 2024 allocations

**Allocations and payments are updated in year to reflect in-year academy conversions, and the data used for the early years block**

## **March 2023**

- Schools block and high needs block updated for academy conversions after November 2022.

## **Spring 2023**

- High needs block updated to reflect new cross border data for the import/export adjustment.

## **July 2023**

- Schools block and high needs block updated for academy conversions after March 2023.
- Early years block updated with latest census data.

# DSG updates for 2022 to 2023 allocations

## **November 2023**

Schools block and high needs block updated for academy conversions after July 2022

## **February 2024**

Schools block updated for academy conversions after November 2022

## **March 2024**

Schools block and high needs block updated for academy conversion in February and March 2024

## **July 2024**

Early years block updated for latest census data

# Timetable for ESFA grant payments

Currently, in 2022 to 2023 financial year:

- **DSG** paid in 25 instalments – dates set out in the conditions of grant.
- **Pupil Premium** paid in four instalments in June, September, December 2022 and March 2023.
- **UIFSM** paid in June 2022 and July 2023 .
- **Primary PE and Sport Premium** paid in April 2022 and October 2022.
- **Teachers pay grant** paid in April 2022 and September 2022.
- **Teachers pension employer contributions grant** paid in April 2022 and September 2022.
- **Recovery Premium** – paid September and December 2022, March and June 2023.
- **National Tutoring Programme** – paid September and December 2022, April 2023.

# Timetable for ESFA grant payments

Currently, in 2022 to 2023 financial year:

**Key stage 2 moderation and key stage 1 phonics** - paid annually each October

**Extended rights for free travel** – paid directly to local authorities in monthly instalments

**Virtual school heads** – paid in 2 instalments in July and November 2022.

**Schools supplementary grant** – Paid in 2 instalments in May and June 2022 (for maintained schools and academies respectively), and again in October and November 2022 (for maintained schools and academies respectively).

# Timetable for ESFA grant payments

Currently, in 2022 to 2023 financial year:

**Senior Mental Health Leads training** – paid on a quarterly basis of June, September, December and March (for maintained schools), and July, October, January and April for academies.

**Cadets School Staff Instructor** – paid in 2 instalments in November 2022 and April 2023 (TBC).

**NPQ Targeted Support Fund** – Paid in summer 2023 (exact date to be confirmed)

**Recovery Premium** - paid on a quarterly basis of September 2022, December 2022, March 2023 and June 2023 (for maintained schools), and October 2022, January 2023, April 2023 and July 2023 or academies.

**National Tutoring Programme** - Paid in September 2022, December 2022 and April 2023

# Timetable for ESFA grant payments

Currently, in 2022 to 2023 financial year:

**Homes for Ukraine** - paid on a quarterly basis of August 2022, October 2022, January 2023 and April 2023.

**Early Career Framework Funding** - Paid in summer 2023 (exact date to be confirmed)

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# Agenda Item 8



North  
Northamptonshire  
Council

North Northamptonshire Schools Forum: 20 October 2022

## Agenda Item 8

### 2023-24 Split Site Funding Policy

#### **1 Purpose of Report**

- 1.1 The report is to update North Northamptonshire Schools Forum of the proposed Split Site Policy for North Northamptonshire Council (NNC) schools, funded from the Schools Block for 2023-24. The same policy criteria is proposed to be applied to fund Special Schools split sites but funded from the Special Schools Budget of the High Needs Block.

#### **2 Background**

- 2.1 The DfE has referred to split site funding specifically within the new school funding arrangements. It is recognised that these schools incur higher running costs, for example extra staffing costs due to travel between sites and the care and maintenance of 2 sites.
- 2.2 Northamptonshire County Council (NCC) provided split site funding in three component elements, leadership costs, building care and maintenance and staff and pupil travel. A school may be entitled to one, two or all three. There is a fourth component level for Secondary Schools only, where the buildings are more than 5 miles apart and this is exclusive of, not in conjunction with, the other three elements. The funding in each of the component elements is a maximum allowing for lower amounts to be applied where circumstances warrant.

#### **3 Financial Impact**

- 3.1 The premises factor within the National Funding Formula (NFF) is made up of :
- PFI factor
  - rates
  - split sites and
  - exceptional circumstances.
- 3.2 There is currently no NFF rate set for the split site factor. The premises funding within the 2023-24 NFF allocation to Local Authorities is the levels of funding awarded for split sites to school in their 2022-23 Authority Proforma Tool (APT).
- 3.3 The total funding distributed through the schools funding formula for North Northamptonshire schools split sites in 2022-23 was £75k and this level is proposed for 2023-24 school budgets.

## 4 The Split Site Policy and Rates

4.1 Schools will be assessed at their request based on these criteria (including those schools currently in receipt of split site funding). The criteria to qualify for the funding elements are as follows:

- a) Where a school is more than 1 mile apart an allocation is given to support extra leadership costs including site management. Primary schools of less than 400 pupils in total or secondary schools of less than 1,500 pupils would be entitled to this element of funding. It is assumed larger split site schools should have sufficient scale to manage the efficient use of their site not to require this element of split site funding; and/or
- b) Where a school is separated by a public road that utilises traffic, funding will be given to support the extra pressure incurred by having 2 sites incurring higher fixed costs for the care, maintenance and operation of the buildings; and/or
- c) Where a school is separated by a public road that utilises traffic and there is daily movement of pupils between sites there will be a contribution towards the extra costs of staff and pupils' transportation between the 2 sites.
- d) Any Secondary schools with sites greater than 5 miles apart would receive split site funding equivalent to the Secondary lump sum funding amount.

4.2 Split Site Rates (same as for 2022-23)

**Table 1: Split Site Funding Rates 2023-24**

Phase	Criteria (a) Leadership Costs(*)	Criteria (b) Building Care & Maintenance	Criteria (c) Staff and pupil travel	Criteria (d) Secondary 5+ miles apart
Primary	Up to a maximum of £25,000	Up to a maximum of £20,000	Up to a maximum of £30,000	n/a
Secondary	Up to a maximum of £40,000	Up to a maximum of 25000	Up to a maximum of £50,000	Equivalent of the Secondary Lump Sum £ in 2023/24

Note: (\*) applies where a Primary school is less than 400 pupils in total or a Secondary school is less than 1,500 pupils in total.

## 5 Legal implications

5.1 There are no legal implications arising from the proposals.

## 6 Risks

6.1 There is a risk that not funding split sites appropriately leads to a greater financial burden on some schools than others. This creates the risk of financial instability, or inadequate cover for the safety of pupils travelling between sites or inadequate caretaking of a site and could lead to a school becoming less appealing to parents.

## **7 Recommendations for Schools Forum**

7.1 That Schools Forum consider and support the proposed Split Site Policy.

## **8 Next Steps**

8.1 Pending the outcome of the Implementation of the Direct National Funding Formula Consultation by the DFE the split site factor may need to change as per national guidance.

### **Report Author:**

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**North Northamptonshire Schools Forum: 20 October 2022**

**Agenda Item 9**

**Pupil Growth Fund Policy and Update**

**1. Background**

- 1.1 The Pupil Growth Fund (PGF) provides the mechanism by which the Local Authority (LA) provides revenue funding to schools to employ the necessary staff to allow for the provision of new school places. The PGF is a key factor in ensuring that the LA can fulfil its statutory obligation of providing a sufficiency of school places in all areas of North Northamptonshire.
- 1.2 The PGF is funded from the Schools Block of the Dedicated Schools Grant and is top sliced from school budgets before the remainder is distributed via the Schools Funding Formula (for primary and secondary mainstream schools and academies).
- 1.3 Schools Forum is responsible for setting the amount of funding that schools receive when providing new school places at the request of the LA and the total allocated budget of the Pupil Growth Fund.
- 1.4 The PGF rates were last updated for the 2021/22 financial year and are based upon average teacher costs. These rates are identified below:

<b>Pupil Growth Fund rates</b>			
<b>£ per 30 additional places added</b>			
<b>Secondary</b>		<b>Primary</b>	
Teacher	£52,587	Teacher	£41,648
LSA (per 1 class of 30)	£26,752	LSA (per 1 class of 30)	£12,115
		Classroom Support (per 1 class of 30)	£14,195
Resources	£3,000	Consumables	£1,000
<b>Total</b>	<b>£82,339</b>	<b>Total</b>	<b>£68,958</b>

- 1.5 Due to the fact that the LA operates on the 1<sup>st</sup> April – 31<sup>st</sup> March financial year and schools operate on an academic year, any school that receives PGF funding will receive the funding in two tranches. One payment of 5/12ths to cover the period 1<sup>st</sup> April – 31<sup>st</sup> August each year and a second payment of 7/12ths to cover the period 1<sup>st</sup> September – 31<sup>st</sup> March.
- 1.6 The LA can recoup any PGF funding paid to an academy from the ESFA made in the period 1<sup>st</sup> April to 31<sup>st</sup> August annually, due to the way academies are funded.
- 1.7 Funding will be pro-rated for part form or multiples of full form entry, for example:
  - a) The total sum above will be multiplied by 0.5 for a part form entry of 15 pupils
  - b) For an increase of one and a half form entry (45 pupils) the total sum will be multiplied by 1.5

- 1.8 Entry numbers falling under the half form or full form levels will be rounded to the nearest eligible entry level.
- 1.9 Where form entries are less than 50% of the half form entry numbers these entries will not be eligible for growth funding.
- 1.10 A payment will be made for each year that the school is growing until the earliest of the following:
- i. The school reaches full capacity attributable to the increase in PAN approved by the Assistant Director of Education
  - ii. The Growth Fund criteria changes due to affordability
  - iii. There is a change in the funding formula as directed from the Education and Skills Funding Agency.

## 2. 2021-22 Pupil Growth Fund Outturn

- 2.1 Pupil Growth Fund in 2021-22 overspent by £0.35m. The table below sets out the final position.

2021-22 Pupil Growth fund Outturn	£
2021-22 Pupil Growth Fund Budget as per January 2021 Schools Forum decision	700,000.00
Recoupment from ESFA for 2021-22 Pupil Growth Fund paid 1st April to 31st August 2021	381,197.08
Adjustments to 2020-21 Pupil Growth Fund by ESFA	-218,014.00
2021-22 Pupil Growth Fund Expenditure	-1,213,612.60
<b>2021-22 Pupil Growth Fund Overspend</b>	<b>-350,429.52</b>

- 2.2 The ESFA adjusted the following academies in 2021-22 for Pupil Growth Fund.

**School**

Corby Technical School

Kettering Science Academy

Loatlands Primary School

Prince William School

Rushden Primary Academy

Southfield School for Girls

St Brendan's Catholic Primary School

2.3 Pupil Growth Fund expenditure was spent on the following schools in 2021-22

School	2021-22 Total Expenditure
Hawthorn Community Primary Academy	
Irthlingborough Infant School and Nursery	
Loatlands Primary School	
Newton Road (changed trust was Risdene)	
Prior's Hall - A Learning Community	
Rushden Primary Academy (Goulsbra Road)	
St Brendans Academy	
Hayfield Cross	
Tennyson Road Infant School	
Titchmarsh CofE Primary School	
<b>Total Primary Growth</b>	<b>£389,320.60</b>
Brooke Weston Academy	
Christopher Hatton	
Corby Technical School	
Kettering Science Academy	
Prince William Academy	
Southfield School for Girls	
The Kingswood School	
<b>Total Secondary Growth</b>	<b>£824,292.00</b>
<b>Total Growth Expenditure in 2021-22</b>	<b>£1,213,612.60</b>

**3. 2022-23 Pupil Growth Fund Position**

3.1 The forecast position for Pupil Growth Fund in 2022-23 is as follows:

2022-23 Pupil Growth Fund	£
2022-23 Growth Fund Budget as per January 2022 Schools Forum decision	750,000.00
Recoupment from ESFA for 2022-23 Growth Fund paid 1st April to 31st August 2022	470,585.00
2022-23 Growth Fund Expenditure April - August 2022	-715,653.00
2022-23 Growth Fund Expenditure October 2022 - March 2023	-232,532.78
Recoupment by ESFA for Stanton Cross 2022-23 Budget	-134,315.38
Autumn 2022 Unforeseen Bulge Classes Requirements (to be confirmed)	-384,248.67
<b>Forecast Growth Fund Overspend for 2022-23</b>	<b>-246,164.83</b>

3.2 Growth has been funded at the following schools in 2022-23:

School	2022-23 Total Expenditure
Irthlingborough Infant School and Nursery	
Prior's Hall - A Learning Community	
St Brendans Academy	
Stanton Cross Primary	
Hayfield Cross (Kettering East)	
Tennyson Road Infant School	
Titchmarsh CofE Primary School	
<b>Total Primary Growth</b>	<b>£345,609.20</b>
Brooke Weston Academy	
Corby Technical School	
Kettering Science Academy	
Kingswood Secondary	
Prince William Academy	
Sir Christopher Hatton School	
Southfield School for Girls	
<b>Total Secondary Growth</b>	<b>£602,576.58</b>
<b>Total Growth Expenditure in 2022-23 to date</b>	<b>£948,185.78</b>
<b>Recoupment by ESFA for Stanton Cross 2022-23 Budget</b>	<b>£134,315.38</b>
<b>Autumn 2022 Unforeseen Bulge Classes Requirements (to be confirmed)</b>	<b>£384,248.67</b>
<b>Forecast Growth Expenditure in 2022-23</b>	<b>£1,466,749.83</b>

#### 4. Requirements for the 2023-24 Pupil Growth Fund

- 4.1 This paper sets the scene in informing Schools Forum of the growing Pupil Growth Fund issue we currently face in North Northamptonshire.
- 4.2 A further paper will be brought to Schools Forum detailing the 2023-24 Pupil Growth Fund requirements and the decision in principle required to set the Primary and Secondary School Budgets.

#### 5. Recommendations for Schools Forum

- 5.1 Schools Forum is asked to note the contents of the report and observe the emerging need to increase the Pupil Growth Fund for 2023-24.

#### 6. Next steps

- 6.1 A further paper will be brought to Schools Forum in December 2022 detailing the 2023-24 Pupil Growth Fund requirements as well as additional budget required to meet the current overspend.



6.2 A decision in principle will also be required in the December 2022 meeting to set the Primary and Secondary School Budgets.

## 7. Financial implications

7.1 The current 2022-23 Pupil Growth Fund is forecast to overspend by **£0.246m**. There will be a need to top slice an equivalent amount from Schools Block in 2023-24 Schools Block DSG Allocation plus enough set aside for 2023-24 Pupil Growth Fund to support the urgent emerging growth to ensure that NNC is able to provide a sufficiency of school places across in North Northamptonshire in 2023-24.

## 8. Legal implications

8.1 The legislation governing the Schools Forum powers and responsibilities is available at the link below. This outlines that deductions that require a vote by all Schools Forum members.

[Stat guidance template \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Function	Local authority	Schools forum	DfE role
De-delegation for mainstream maintained schools for: <ul style="list-style-type: none"> <li>contingencies</li> <li>administration of free school meals</li> <li>insurance</li> <li>licences/subscriptions</li> <li>staff costs – supply cover</li> <li>support for minority ethnic pupils/underachieving groups</li> <li>behaviour support services</li> <li>library and museum services</li> <li>School improvement</li> </ul>	Proposes	Maintained primary and secondary school member representatives will decide for their phase. Middle schools are treated according to their deemed status	Will adjudicate where schools forum does not agree LA proposal
General Duties for maintained schools <ul style="list-style-type: none"> <li>Contribution to responsibilities that local authorities hold for maintained schools <b>(please see <a href="#">operational guide</a> for more information)</b></li> </ul>	Proposes	Would be decided by the relevant maintained school members (primary, secondary, special and PRU).	Adjudicates where schools forum does not agree LA proposal
Central spend on and the criteria for allocating funding from: <ul style="list-style-type: none"> <li>funding for significant pre-16 <a href="#">pupil growth</a>, including new schools set up to meet basic need, whether maintained or academy</li> </ul>	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal

8.2 For further information on the legislature for deductions please see [The School and Early Years Finance \(England\) Regulations 2022 \(legislation.gov.uk\)](#)

## SCHEDULE 2

Regulations 6 and 8

### CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE PRESCRIBED FOR THE PURPOSES OF THE SCHOOLS BUDGET OF A LOCAL AUTHORITY WHICH MAY BE DEDUCTED FROM IT TO DETERMINE THE INDIVIDUAL SCHOOLS BUDGET

#### PART 1

##### Historic Commitments

1. CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.
2. Expenditure in respect of—
  - (a) prudential borrowing;
  - (b) termination of employment costs, where the schools forum has approved the charging of these costs to the schools budget for the funding period in which they were incurred and the revenue savings achieved by the termination of employment to which they relate are equal to or greater than the costs incurred;
  - (c) services (often known as combined budgets) funded partly from central expenditure and partly from other budgets of the local authority or contributions from other bodies, where the expenditure relates to classes or descriptions of expenditure falling outside those in this Schedule;
  - (d) special educational needs transport costs; and
  - (e) purposes not falling within any other paragraph of this Schedule, provided that the expenditure does not amount in total to more than 0.1% of the authority's schools budget,

which was approved by the schools forum or the Secretary of State before 1st April 2013.

3. Any deductions under any of paragraphs 1 and 2(a), 2(b), 2(c), 2(d) and 2(e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the 2021 Regulations for the previous funding period.

#### PART 2

##### Central Schools Expenditure

4. Expenditure due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the 1998 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of its area, including expenditure resulting from the additional costs associated with establishing a new school.

5. Expenditure to be incurred due to a decline in pupil numbers in—
  - (a) schools maintained by the authority which were awarded either the highest or the second highest grade in their last inspection under section 5 of the 2005 Act, including those inspected during the funding period; and
  - (b) Academy schools that have not previously been inspected under section 5 of the 2005 Act and have a predecessor school or schools which were awarded the highest or second highest grade in their last inspection under section 5 of the 2005 Act, including those inspected during the funding period,

where funding is likely to be necessary due to subsequent growth in pupil numbers at such schools before the end of the next three financial years after the funding period.

6. Expenditure to be incurred before the opening of new schools to fund the appointment of staff and to enable the purchase of any goods and services necessary in order to admit pupils.

7. Expenditure to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) (England) Regulations 2012(66).

## 9. Risks

- 9.1 If Pupil Growth Fund is not established for 2023-24, NNC will not be able to fund previously agreed growth across the primary and secondary phases of education in North Northamptonshire and 'new and growing' schools will not receive budgeted for growth funding. This is likely to result in severe budget issues at several schools listed above, incur significant reputational damage and possible legal action against NNC by the schools involved.
- 9.2 Should a Pupil Growth Fund for 2023-24 be established but with insufficient budget to fund all required growth in North Northamptonshire, NNC may fail to fulfil its statutory obligations of providing a sufficiency of school places.

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North  
Northamptonshire  
Council

North Northamptonshire Schools Forum: 20 October 2022

Agenda Item 10

North Northamptonshire's response to Implementing the Direct National Funding Formula Consultation

## 1. Background

- 1.1 Schools Forum were informed at the July 2022 Schools Forum of the Direct National Funding Formula Consultation by the DFE. The consultation closed on the 9<sup>th</sup> September 2022.

## 2. DFE Direct National Funding Formula Consultation

- 2.1 Below are the considerations North Northamptonshire took into account prior to arriving at the response that was submitted.

### Considerations in North Northamptonshire's response to NFF consultation September 2022

Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
1	<p><b>Block Transfers.</b> Do you agree that local authorities' applications for transfers from mainstream schools to local education budgets should identify their preferred form of adjustment to NFF allocations, from a standard short menu of options?</p> <p>Do you have any other comments on the proposals for the operation of transfers of funding from mainstream schools to high needs?</p>	<p>Currently, any transfers from the Schools Block, in effect, scale back the funding distributed through all the formula factors, other than those for lump sum, split site, NNDR and PFI.</p> <p>The flexibility to take a more targeted approach to scaling back is welcome and would allow a more considered approach to managing resources.</p>	Yes

Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
2	<b>Notional SEND.</b> Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?	The Notional SEND budget is used as an indicator of resources available to support SEND in a school. Currently the formula for this is set at an LA level leading to inconsistencies based on historic decisions. The move to NFF is the right time to standardise Notional SEND based on the new funding regime.	Yes
3	<b>Growth &amp; Falling Rolls.</b> Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?	In the move to NFF amore consistent approach to the application of support for growth and falling rolls will be required. .	No.
4	Do you believe that the restriction that falling rolls funding can only be provided to schools judged “Good” or “Outstanding” by Ofsted should be removed?	This requirement can limit LA capacity to address pupil place planning concerns in a targeted way. In order to meet need in a timely and affordable way, all options should be available.	Yes

Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
5	Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?	<p>DfE propose to re-baseline the Growth Fund from 2018/19 to 2023/24.</p> <p>They propose to use the Medium Super Output Area data, not just for Growth as now, but for Falling Rolls, too, where there is evidence of significant decline in pupil populations.</p>	<p>The Medium Super Output Area (MSOA) approach to the Growth Fund has worked so far. It does have the drawback, however, of lagging funding; it is funding where growth has happened in the previous year, when the LA has to be looking to fund growth that will happen in the coming year. Inevitably, that means committing resource in advance where growth is new and resisting the temptation to spend excess resource when growth programmes reach their natural conclusion.</p> <p>With the more local and flexible approach being advocated, it is important to make sure that LAs have the scope to make adjustments to the NFF to take account of the need to have cross-year subsidisation arrangements to manage growth effectively.</p> <p>In theory, using MSOAs for falling rolls should work, too. Falling rolls tends to be funded retrospectively anyway, so the cross-year subsidisation issue does not arise.</p>

Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
6	Do you agree that we should explicitly expand the use of growth and falling rolls funding to supporting local authorities in repurposing and removing space?	We need to consider how NNC would want the growth / falling rolls fund to assist, if at all, with the school organisation changes that might arise in the next few years. DfE is specifically saying “We could permit local authorities to spend growth and falling rolls funding on the revenue costs associated with repurposing or reducing school places.”	<p>If we are the LA that experience significant falling rolls and is trying to develop its strategy for removing surplus places, we welcome the inclusion of this item in an expanded growth / falling rolls definition.</p> <p>The proposal seems quite wide-ranging in its scope, recognising costs associated with closure, amalgamation and down-sizing of schools; costs which currently might be absorbed by the schools’ own budgets or may ultimately fall on the LA or the ESFA. Cost impact could be a disincentive to act.</p> <p>Two observations:</p> <ol style="list-style-type: none"> <li>1. <b>Scale.</b> If North Northamptonshire were looking to scale back around x form entry in primary and around y form entry in secondary in the next few years, removing the number of surplus places could get very expensive for the local education system, but it has to be balanced with the need to fund schools adequately for their on-going responsibilities.</li> <li>2. <b>Gate-keeping.</b> It is the LA that usually administers the growth and falling rolls funds according to the policies agreed by Schools Forum. All schools and academies will need to be treated fairly in the use of this fund, so the policy will need to be well-defined. Yet, the nature of such exercises, as your examples illustrate, is for quite a wide range of approaches and costs to be incurred to</li> </ol>

Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
			meet the objectives of reducing or repurposing spare capacity. If the system is exploited, bills could be submitted for all sorts of initiatives taken by individual schools and academies. A policy framework to set the parameters and direction and a role for Schools Forum in approving any charges to the account would be most useful. It is important that Schools Forum works collaboratively in determining an appropriate local strategy where school organisation problems need to be solved. This includes working out how to minimise deficits and maintain financial control in difficult circumstances.
7	Do you agree that the Government should favour a local, flexible approach over the national, standardised system for allocating growth and falling rolls funding; and that we should implement the changes for 2024-25?	The ability to take a more local tailored approach would allow LAs to better reflect the need so the local area. Whilst standardisation across NFF would deliver certainty, in this case flexibility would be preferable.	Yes.
8	Do you have any comments on the proposed approach to popular growth?	Originally this funding would only have been available to academies, the proposal to include Maintained Schools is welcome.	The inclusion of Maintained schools is welcome.

<b>Q</b>	<b>DfE consultation question</b>	<b>North Northamptonshire considerations</b>	<b>Agreed North Northamptonshire response</b>
9	<b>Split site.</b> Do you agree we should allocate split site funding on the basis of both a schools' 'basic eligibility' and 'distance eligibility'?	NNC only has one split site school and does not currently use this approach. This is based on historic formula approach and so a move to a more informed formula would be welcome.	Yes
10	Do you agree with our proposed criteria for split site 'basic eligibility'?	The proposed criteria are consistent with an identification of need based on split site. Note – Nursery classes are not included, but this does not impact on NNC schools.	Yes
11	Do you agree with our proposed split site distance criterion of 500m?		Yes.
12	Do you agree with total available split sites funding being 60% of the NFF lump sum factor?	The current NNC formula is historic and the basis is no longer clear. This proposal would give a clear methodology for future funding.	Yes
13	Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?	Although NNC does not necessarily need a distance criteria to qualify for split site, any distance of at least 1 mile and above apart will qualify for addition funding. Distance eligibility will provide a basis for allocation if required.	Yes.



Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
14	Do you agree with our proposed approach to data collection on split sites?	NNC will liaise with DfE to ensure accurate representation of split site schools.	Yes.
15	Do you have any comments on our proposed approach to split sites funding?	Current proposal does not cover all-through schools.	The treatment of all through schools needs to be clarified.
16	<b>Exceptional Circumstances.</b> Do you agree with our proposed approach to the exceptional circumstances factor?	North Northamptonshire has no exceptional circumstances factors currently. This provides a basis for allocations if needed.	Yes
17	Do you have any comments on the proposed approach to exceptional circumstances?		No
18	<b>Minimum Funding Guarantee.</b> Do you agree that we should use local formulae baselines (actual GAG allocations, for academies) for the minimum funding guarantee (MFG) in the year that we transition to the direct NFF?	See draft response.	Yes. North Northamptonshire has aligned with the NFF, the MFG uplift allocation is after the basis of applying the cap and scale and will be the floor below which no school will fall as individual schools get closer to being funded purely on the NFF. While the NFF baseline from 2018/19 is less relevant at a school-by-school level, it did allow a little bit of flexibility to fund growth / falling rolls or to transfer to High Needs. Any arrangements based on MFG must allow some headroom for all LAs to exercise the flexibilities available.

<b>Q</b>	<b>DfE consultation question</b>	<b>North Northamptonshire considerations</b>	<b>Agreed North Northamptonshire response</b>
19	Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?	<p>This amounts to less protection if the scope of the MFG is to be narrowed. In effect, however, we are only talking about removing the split-site factor (£0.443m) and PFI factor (£0.215m) from the MFG. This amounts to 0.3% of the funding currently protected within the MFG, affecting only ten schools.</p> <p>In practice, this works both ways. Split site schools would not necessarily gain anything (eg the 40% uplift to the NFF values) if the split site factor continued to be in the MFG. Likewise, if there are changes affecting the PFI factor, we would want to know that received them. On balance, we can agree to this.</p>	Yes. It is a very small part of the overall budget that is being taken out of the MFG.
20	Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?	We recognise the issue of submitting disapplication requests to adjust the MFG for all- through schools where a shifting balance between primary and secondary could lead to under- or over-protection for the school.	No.
21	What do you think would be most useful for schools to plan their budgets before they receive confirmation of their final allocations: (i) notional allocations, or (ii) a calculator tool?	The proposals to provide support for budget planning is welcome. In order to give greatest flexibility, a calculator would be preferable.	Calculator Tool
22	Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget planning?	A balance between early notification and accuracy needs to be struck. Current proposal appears to address this effectively.	No.

Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
23	Do you have any comments on the two options presented for data collections in regards to school reorganisations and pupil numbers? When would this information be available to local authorities to submit to DfE?	<p>ESFA currently collect information on planned school reorganisations and pupil number changes in the APT. In order to calculate allocations and issue them in a timely manner, ESFA will need this data earlier than under the current system. There are two options for how DFE could achieve this:</p> <ul style="list-style-type: none"> <li>i. ESFA could issue a request earlier than ESFA currently do without the use of a pre-populated form. This means that local authorities would need to input data on, for example, planned pupil number changes without access to a form which includes the pupil-numbers recorded in the October census.</li> <li>ii. ESFA could issue the request in December as we currently do, using a form pre-populated with data from the October census. Local authorities would then need to return this form with a relatively short turnaround – by the end of the first full week in January at the latest. ESFA would expect this should be manageable for local authorities since this pre-populated form would be significantly smaller in scope than the current APT, and it will only seek information on school reorganisations and changes in pupil numbers which is readily available to local authorities.</li> </ul>	Option (i) is preferred.
24	Regarding de-delegation, would you prefer the Department to undertake one single data collection in March covering all local authorities, or several smaller bespoke data collections for mid-year converters?	ESFA uses information on de-delegation to make an adjustment to the general annual grant (GAG) funding academies receive for mid-year converters. While this information is currently collected through the APT, ESFA recognise that local authorities may wish to wait with confirming the de-delegation budgets until after the NFF allocations have been	Option (i) is preferred.

		<p>announced. This leaves us with two options under the direct NFF:</p> <ul style="list-style-type: none"> <li>i. ESFA undertake a separate data collection in March to cover the amounts schools will pay for de-delegated services;</li> <li>ii. ESFA do not collect information on de-delegation as a matter of course from local authorities. Instead, we only collect information when needed for mid-year converters.</li> </ul> <p>If ESFA run a separate collection in March, ESFA could continue to publish information on de-delegation, which would be beneficial for transparency purposes. Depending on the number of converters, it could also be simpler to do one single collection (option i) than several bespoke collections for all mid-year converters (option ii).</p>	
25	Do you have any other comments on our proposals regarding the timing and nature of data collections to be carried out under a direct NFF?		Ideally it should be carried out the same time as the Autumn census.

## Current and future split-site arrangements in North Northamptonshire

### Current North Northamptonshire split site criteria

1. Schools will be assessed at their request based on these criteria (including those schools currently in receipt of split site funding). The criteria to qualify for the funding elements are as follows:
  - a) Where a school is more than 1 mile apart an allocation is given to support extra leadership costs including site management. Primary schools of less than 400 pupils in total or secondary schools of less than 1,500 pupils would be entitled to this element of funding. It is assumed larger split site schools should have sufficient scale to manage the efficient use of their site not to require this element of split site funding; and/or
  - b) Where a school is separated by a public road that utilises traffic, funding will be given to support the extra pressure incurred by having 2 sites incurring higher fixed costs for the care, maintenance and operation of the buildings; and/or
  - c) Where a school is separated by a public road that utilises traffic and there is daily movement of pupils between sites there will be a contribution towards the extra costs of staff and pupils' transportation between the 2 sites.
  - d) Any Secondary schools with sites greater than 5 miles apart would receive split site funding equivalent to the Secondary lump sum funding amount.

### Split Site Funding Rates 2022-23

Phase	Criteria (a) Leadership Costs(*)	Criteria (b) Building Care & Maintenance	Criteria (c) Staff and pupil travel	Criteria (d) Secondary 5+ miles apart
Primary	Up to a maximum of £25,000	Up to a maximum of £20,000	Up to a maximum of £30,000	n/a
Secondary	Up to a maximum of £40,000	Up to a maximum of 25000	Up to a maximum of £50,000	Equivalent of the Secondary Lump Sum £ in 2022/23

Note: (\*) applies where a Primary school is less than 400 pupils in total or a Secondary school is less than 1,500 pupils in total.

### **Proposed NFF criteria**

NFF proposal is that sites should be counted as 'split' where they are separated by a public road or railway as a clear marker of separateness. Each site must be used to provide education to 5-16 year olds (ie not nurseries or sixth forms, not admin buildings, not playing fields etc). 1 point for basic entitlement plus an additional 2 points if the other site is more than 500 metres from the main site. For schools with multiple sites, they will allow up to 3 basic entitlement and 3 distance entitlements (ie a maximum of 9 points). They have indicated that each point would be worth 20% of the lump sum amount in the funding formula. For 2022/23, the lump sum for North Northamptonshire is £0.121m, and 20% of that is £24.3k.

### **Impact on North Northamptonshire schools.**

At present only Wrenn School receive a split site factor.

Amalgamations pursued to reduce surplus capacity could result in more split schools in North Northamptonshire.

DFE Consultation on the direct national funding formula can be found here.

[Implementing the direct national funding formula - Department for Education - Citizen Space](#)

### **3. Recommendation to Schools Forum**

3.1 Schools Forum are asked to note North Northamptonshire Council's response to the Direct National Funding Formula Consultation.

### **4. Next Steps**

4.1 Pending the outcome of the consultation, it may be necessary for Schools Forum to revise some of North Northamptonshire's existing policies.

### **5. Financial implications**

5.1 Schools need to be aware of all the latest proposed changes made by the DFE so that they can influence the decisions made by Schools Forum.

## 6. Legal implications

- 6.1 Schools funding is governed by The School and Early Years Finance (England) Regulations 2022. It is important to ensure decisions are made within the regulations set.

## 7. Risks

- 7.1 There's the risk that the wrong financial decision is made by Schools Forum. There is also the risk that decisions made could be ultra vires.

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**North Northamptonshire Schools Forum: 20 October 2022**

**Agenda Item 11**

**National Funding Formula Central School Services Block 2023-24**

**1. Purpose of Report**

- 1.1 This report is to present to Schools Forum the Local Authority's proposals for central expenditure on education functions for 2023-24.
- 1.2 There is an overall £0.30M decrease in the available amount for central expenditure largely due to the 20% reduction in the historical element of the Central Schools Services Block (CSSB).

**2. Central School Services Block (CSSB)**

- 2.1 CSSB covers funding allocated to LAs to carry out central education functions on behalf of pupils in maintained schools and academies in England.
- 2.2 The CSSB is split into two elements:
  - a) funding for ongoing responsibilities which is formula driven (nationally distributed 90% via a per pupil rate currently multiplied by October 2021 pupil census data but will be revised to October 2022 numbers in the December 2022 announcement).
  - b) funding for historic commitments allocated at levels carried forward from previous years. The DfE have been reducing the historic commitments funding from 2020-21 by 20% per annum. This reduction has been applied to the provisional 2023-24 CSSB funding.
- 2.3 NNC received a provisional allocation of £3.27M compared to £3.57M in 2022-23 which is a reduction of £0.30M.

### Central school services block: local authority (LA) summary

On this page you can see the estimated impact on an LA's funding. To view an LA's data, please select the relevant LA from the blue box in row 12.  
 - Below, you will see the LA's 2022-23 CSSB funding baseline and the change in funding under the NFF.  
 - At the top of the page are the baseline and 2023-24 allocation for historic commitments.  
 - LA's historic commitments funding will be reduced by 20%.  
 - At the bottom of the page, you will see the provisional change to the LA's funding for ongoing responsibilities in 2023-24 as a result of the national funding formula.  
 - Funding for ongoing responsibilities will be allocated on a per-pupil basis. No LA's per-pupil funding for 2023-24 will fall more than 2.5% compared to its 2022-23 per-pupil funding.

Cell colour guide	
	User Input
	Calculation
	Explanation

Please select your local authority from the drop down menu North Northamptonshire

**Table 1: 2023-24 funding for historic commitments**

2022-23 baseline for historic commitments	£1,799,596	This shows the 2022-23 LA allocation for historic commitments.
NFF funding for historic commitments	£1,439,677	This shows what the LA will receive for historic commitments in 2023-24.

**Table 2: Provisional 2023-24 funding for ongoing responsibilities, under the NFF**

2022-23 baseline for ongoing responsibilities	£1,767,702	This shows the LA's allocation for ongoing responsibilities in the 2022-23 DSG allocations.
2023-24 total funding for ongoing responsibilities	£1,833,046	This shows what the LA would provisionally receive for ongoing responsibilities in 2023-24.
Percentage change in per pupil funding in 2023-24	3.70%	This shows the percentage change in what the LA would provisionally receive per pupil in 2023-24 compared with the 2022-23 baseline for ongoing responsibilities.

2.4 Table 1 shows the differential in CSSB funding in 2023-24 against the 2022-23 allocation.

**Table 1 – CSSB Funding**

Central School Services Block Funding	2022-23	2023-24	Change
Final CSSB unit of funding	£35.59	£36.91	£1.32
2021 to 2022 CSSB pupil count	49,668.50	49,668.50	0
Funding for On-going Duties	£1.77M	£1.83M	£0.06M
Funding for Historic Commitments	£1.80M	£1.44M	<b>−£0.36M</b>
<b>Total Central School Services Block Funding</b>	<b>£3.57M</b>	<b>£3.27M</b>	<b>−£0.30M</b>

Note: +ve increase in income -ve reduction in income

2.5 The change between unprotected NFF per-pupil funding and per-pupil baseline for ongoing responsibilities for North Northamptonshire Council is 3.7%. As a result, North Northamptonshire received a 3.7% increase for ongoing responsibilities.

2.6 Table 2 shows NNC's current use of the CSSB funding in 2022-23, together with proposals for its use in 2023-24 and changes from 2022-23. Ongoing responsibilities has been uplifted by 3.7% in 2023-24.

**Table 2 – NNC Proposed CSSB Expenditure for 2023-24**

Central School Services Block	2022-23	2023-24	Change
<b>Historical Commitments</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Contribution to Combined Services (see Table 3)	0.64	0.64	0.00
Contribution to DSG High Needs Deficit	0.17	0.00	-0.17
Pre-2013 Premature Retirement / Redundancy Costs	0.99	0.80	-0.19
<b>Total Historical Commitments</b>	<b>1.80</b>	<b>1.44</b>	<b>-0.36</b>
<b>Ongoing Responsibilities</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Admissions	0.48	0.50	0.02
Schools Forum	0.01	0.01	0.00
National Copyright Licences	0.28	0.28	0.00
Statutory and Regulatory Duties	0.88	1.03	0.15
Teacher's Pay and Pension Grant	0.01	0.01	0.00
Contribution to DSG High Needs Deficit	0.11	0.00	-0.11
<b>Total Ongoing Responsibilities</b>	<b>1.77</b>	<b>1.83</b>	<b>0.06</b>
<b>Total CSSB</b>	<b>3.57</b>	<b>3.27</b>	<b>-0.30</b>

Note: +ve increase in expenditure -ve reduction in expenditure

2.7 Table 3 provides a breakdown NNC's proposals for the use of the CSSB on Combined Services in 2023-24 and changes from 2022-23.

**Table 3 - NNC Proposed Combined Services Expenditure Budget**

CSSB DSG Contribution to Combined Service	2022-23	2023-24	Change
	<b>£M</b>	<b>£M</b>	<b>£M</b>
School Standards & Effectiveness	0.44	0.47	0.03
Moderation	0.01	0.01	0.00
Northamptonshire Safeguarding Children Board	0.03	0.03	0.00
MASH	0.03	0.00	-0.03
Educational Entitlement	0.13	0.13	0.00
<b>Total</b>	<b>0.64</b>	<b>0.64</b>	<b>0.00</b>

Note: +ve increase in expenditure -ve reduction in expenditure

### 3. Financial implications

3.1 The 20% year on year reduction funding on historical commitments leaves a funding gap of £0.36M against the historical commitments expenditure requirement in 2023-24.

- 3.2 This funding gap will be met by not contributing to High Needs Block Deficit by £0.17M and by reducing contribution to Pre 2013 Premature Retirement / Redundancy Cost by £0.19M in 2023-24. This will need to be reviewed every year by North Northamptonshire Council.
- 3.3 The ongoing 20% reductions on Historic Commitments Funding on CSSB will continue year on year i.e., a further reduction of £0.29M in 2024-25, £0.23M in 2025-26 and £0.19M in 2026-27.
- 3.4 Having paid off the 2020-21 DSG High Needs Block deficit brought forward from Northamptonshire County Council in 2021-22, there is no longer a need for CSSB to continue to contribute to High Needs Block for the legacy High Needs Block deficit.
- 3.5 It is proposed that the remaining funding available is used for Statutory and Regulatory Duties.

#### **4. Legal implications**

- 4.1 There are no legal implications arising from the proposals.

#### **5. Risks**

- 5.1 The main risks arising should Schools Forum not agree with the recommendations is to find an alternative source of funding to support the existing commitments as the criteria of what DSG CSSB can be spent on is set out in [The School and Early Years Finance \(England\) Regulations 2022](#)

#### **6. Recommendations for Schools Forum**

- 6.1 Schools Forum members are asked to note the proposals for Central Education Functions Expenditure to be funded from the CSSB as per Table 2 and 3 in preparation for making a decision in January 2023.

#### **7. Next Steps**

- 7.1 Schools Forum members will be asked to agree to the final proposals for central expenditure following the DFE's December 2022 Finance Settlement in January 2023.

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## North Northamptonshire Schools Forum 20 October 2022

### Agenda Item 12

#### Early Years Update

## 1 Background

- 1.1 This report request for additional representation of the various Early Years sectors on Schools Forum, the roll out of the Early Years Special Educational Needs Inclusion Funding (SENIF), budget updates on the 2021/22 and 2022/23 Early Years Block of the Dedicated Schools Grant (DSG) and the recent Early Years National Funding Formula Consultation by the DFE which closed on 16<sup>th</sup> September 2022.

## 2. Additional Representation of the various Early Years sectors on Schools Forum

- 2.1 [Schools Forum Operational and Good Practice Guide](#) states that the local authority must appoint at least one person to represent early years providers from the private, voluntary and independent PVI sector. Early Years, PVI settings need to be represented because funding for the three and four year olds and eligible two year olds comes from the Dedicated School Grant (DSG) and all settings are funded through the Early Years Single Funding Formula (YSFF).
- 2.2 In North Northamptonshire we have just under 400 hundred providers of Early Education and Childcare with currently only 1 Representative on Forum. In order for the sector to be adequately represented and to comply with Schools Forum Regulations when making decisions, Schools Forum are asked to increase the number of representatives from the sector to 3.

## 3. Early Years Special Educational Needs Inclusion Funding (SENIF)

- 3.1 North Northamptonshire, like all local authorities, is required to have a Special Educational Needs Inclusion Fund (SENIF) to support funded 3- and 4-year-olds with SEN, who are taking up their free entitlement.
- 3.2 Historically the Inclusion fund was utilised along with a contribution from the High Needs Block to support children in Early Years settings with severe and complex High Special Educational Needs. The High Needs Block contribution and High Needs Process in North Northants ceased 31 March 2022 in favour of moving to a statutorily compliant approach for children in early Year's settings with low level and emerging needs – Special Educational Needs Inclusion Funding (SENIF) to be in place from September 2022.
- 3.3 The Local Authority researched how the funding is being delivered in a number of other authorities and have worked with our Send Support Service team to ensure that there is a graduated pathway of support for children with emerging and low-level needs making sure they are supported at the earliest opportunity which may negate the need for further expensive input further down the line if appropriate support and interventions are put in place and the need for EHCP plans to support children in the early years.
- 3.4 The new SENIF process for North Northants will be overseen by a multidisciplinary panel led by Send Support Services (SSS) that will convene on a weekly basis where all applications will be overseen and assessed. This will ensure settings receive a swift response and access to funds to ensure that children are supported quickly

3.5 For some children, developmental delay can be identified from birth or at a very early age, this may lead to the child having identified special educational needs. A health professional, such as a paediatrician or health visitor is usually the first to raise concerns and with parental consent will ensure an Early Notification is sent to the Local Authority. In the future we are anticipating these notifications will come to this panel.

This means we will be able to:

- i. Check the family have enough information to make informed choices about Early Years (EYFS) provision
- ii. Check child can access their Early Education Entitlements (EEE)
- iii. Ensure the setting is getting all the funding and support available to enable them to support the child
- iv. Understand the future needs of children and young people with SEND and plan the right provision from a health service and commissioning perspective
- v. Predict the future number of places needed in our special needs schools and build capacity within mainstream schools

3.6 Given the anticipated increase in emerging needs for children born during the pandemic and to ensure that needs are identified as early as possible we have decided that these funds may also be used to support funded 2-year-olds with SEND.

3.7 SENIF funding is intended as a contribution towards supporting providers to address the needs of individual and groups of children with low level and emerging SEND.

3.8 The current High Needs Block Funding support and processes will remain for higher level and long-term need, for example children with an EHCP plan who require additional resources including one to one funding

3.9 The Guidance and application process was shared with eight providers from the Early Years Sector including a maintained nursery, private provider, school nursery and a childminder. The feedback was positive and SENIF was deemed as a positive step to enable settings to support individual children and groups of children at the earliest opportunity. In order to be able to support children in settings that started in September the guidance was issued to the whole sector on 20<sup>th</sup> September 2022. A series of workshops are being held to support the sector to understand the application process and address any queries they may have, they will run through September and October prior to the first submission of applications.

3.10 At present the following has been budgeted for as Notional SEND and SEN Inclusion Fund in 2022-23.

<b>Notional SEND at £0.08 per hour</b>	£321,997.10
<b>Inclusion Fund – including Notional SEND and Early Years High Needs</b>	£160,996.55

3.11 The amount currently set aside is insufficient to address the emerging needs of Early Years pupils requiring SEN Inclusion. It is envisaged that a greater amount needs to be set aside in 2023-24 for SENIF from both Early Years Block 3 & 4 year old funding and High Needs Block to address the growing emerging needs of Early Years pupils.

#### 4. 2021/22 Early Years Block

4.1 Table 1 below is the 2021/22 final outturn of the Early Years Block DSG. Overall, there was an overspend of £0.681m as a consequence of historic over allocation of Maintained Nursery School Supplement not reflective of participation funding by the ESFA by the legacy council as well as the growing need on SEN Inclusion.

**Table 1 - 2021/22 Early Years Block Outturn**

Description	2021-22 Final Budget (March 2022)	2021-22 Actual Outturn	Variance
3 & 4 Year Old Universal Entitlement (£4.05 per hour)	£11,194,009	£11,352,130	£158,121
3 & 4 Year Old Additional Entitlement (£4.05 per hour)	£4,958,978	£4,757,988	-£200,990
3 & 4 Year Old Deprivation (£0.28 per hour)	£356,611	£362,982	£6,371
3 & 4 Year Old SEN Inclusion (£8.00 per hour)	£776,299	£1,096,166	£319,867
3 & 4 Year Old Centrally Retained	£895,521	£895,521	£0
2 Year Old Funding (£5.23 per hour)	£1,919,665	£2,007,646	£87,981
Maintained Nursery School Supplement	£893,195	£1,223,802	£330,607
Early Years Pupil Premium (£0.53 per hour)	£197,958	£236,865	£38,907
Disability Access Fund (£615 per child)	£86,715	£27,060	-£59,655
Transfer from High Needs Block	-£271,000	-£271,000	£0
<b>Total Early Years Block</b>	<b>£21,007,950</b>	<b>£21,689,159</b>	<b>£681,209</b>

4.2 The Department for Education (DfE) confirmed the final position of the Early Years Block of the DSG 2021-22 in July 2022. Unlike previous years, the adjustment was based on all Early Years headcounts: 5/12 based on Summer, 4/12 on Autumn and 3/12 on Spring 22 (the January 2022 Census). **Table 2** below shows the net increase of £110,580.

**Table 2 - Final 2021/22 Early Years Block Adjustment to reflect January 2022 Headcount**

2021/22 Early Years Block	Initial Early Years Block 2021/22	Final Early Years Block 2021/22	FINAL 2021/22 Adjustment
Amount LA allocated for universal 3-4 year old entitlement funding	£12,505,431.00	£12,421,589.00	-£83,842.00
Amount LA allocated for additional hours for 3-4 year olds	£5,404,986.00	£5,485,323.00	£80,337.00
Total funding to LAs for 2-year-olds	£1,919,665.00	£2,042,828.00	£123,163.00
Early Years' Pupil Premium	£197,958.00	£195,523.00	-£2,435.00
Disability Access Fund	£86,715.00	£86,715.00	£0.00
Maintained nursery school supplementary funding	£893,195.00	£886,552.00	-£6,643.00
<b>Total</b>	<b>£21,007,950.00</b>	<b>£21,118,530.00</b>	<b>£110,580.00</b>

4.4 The current trend of participation demonstrates a continued decline in 3 & 4 year old Universal entitlement pupil hours as well as participation in MNS settings and Early Year Pupil Premium eligibility. This is offset against the increase in accessing the Additional 30 hours for working parents and an increase in 2 year old participation.

## 5. 2022/23 Early Years Block

5.1 The Early Years Block allocation for 2022/23 is has now been updated to take into account January 22 headcount and has anticipated to be £22.271m, this is set out in **Table 3**. The Early Years Block is funded based on participation so any increase in funding should follow through to funding passported to providers.

5.2 The Early Years funding allocation which took place in 2021/22 will not continue in 2022/23 and the funding has reverted back to the standard base of 5 months of January 2022 and 7 months of January 2023 census. Although the impact of COVID on participation levels seems to now have realigned, North Northamptonshire continue to see an increase in overall pupils' numbers by 29.2% in 2 year olds and 6.1% in 3 and 4 year olds additional entitlement. However, participation appear to have decrease by 2.6% in 3- and 4-year-olds universal entitlement, 2.9% in maintained nursery school participation and 4.9% early years pupil premium eligibility.

5.3 The brought forward underspend from 2021/22 of £0.110m which has now been allocated to contingency should support any un-anticipated changes in headcount which are outside of the normal headcounts. The submission of summer headcounts in 2021/22 was beneficial to North Northamptonshire as the summer headcount was significantly higher, and we were funded on that basis. As this will not continue, there is a risk that the January 2023 headcount will be lower than actual numbers across the autumn term which in turn could cause pressure overall.



**Table 3: Provisional Early Years DSG allocations 2022/23**

Early Years Block Funding	Initial 2022/23 budget allocations December 2021			Revised 2022/23 budget allocations July 2022 based on Jan 2022 census			Change in Participation	% Change in Participation
	PTE pupils (570 hours)	Rate per hour / child	December 2021 Allocations	PTE pupils (570 hours)	Rate per hour / child	July 2022 Allocations		
2 Year old funding	547.44	£5.62	£1,753,670.00	707.21	£5.62	£2,265,477.00	£159.77	29.2%
3 & 4 Year old funding (Universal)	4994.80	£4.66	£13,267,188.00	4863.76	£4.66	£12,919,120.00	-\$131.04	-2.6%
3 & 4 Year old funding (Extended)	2066.54	£4.66	£5,489,144.00	2192.11	£4.66	£5,822,683.00	£125.57	6.1%
Early Years Pupil Premium	748.09	£0.60	£255,847.00	715.85	£0.60	£244,821.00	-\$32.24	-4.3%
Disability Access Fund	142.00	£800.00	£113,600.00	142.00	£800.00	£113,600.00	£0.00	0.0%
Maintained Nursery School Supplement	346.17	£4.73	£933,309.00	335.96	£4.73	£905,782.00	-\$10.21	-2.9%
<b>Total</b>			<b>£21,812,758.00</b>			<b>£22,271,483.00</b>		

## 6. EYNFF Consultation Update

- 6.1 On 4<sup>th</sup> July 2022 the DfE consulted on a number of funding reforms across the early years sector. Amongst them was the consultation on updating the Early Years National Funding Formula for 2, 3 & 4 year old free childcare entitlement and on the distribution of MNS supplementary funding. The Consultation closed on 16<sup>th</sup> September 2022. A copy of the consultation is attached to the report, together with a DfE presentation and Q&A document as well as North Northamptonshire Council's response to the Early Years National Funding Formula Consultation on **Annex A**.
- 6.2 The consultation recognised that many of the datasets used by the DfE in the formulae to reflect the variation in costs and levels of need between areas are out of date. In order to ensure the funding system is fair responsive to changing needs and targeted to where it can be most effective means the data used needs to be the most current available.
- 6.3 The consultation was on proposals to update the data sets and make some adjustments to the national formulae. The proposals included plans to mainstream the element of the Teachers' Pay and Pensions Grants, meaning this grant will be distributed through the EYNFF and MNS supplementary funding. The DfE were also consulting on plans to reform MNS supplementary funding: the proposal is to introduce a funding floor and cap to correct the most extreme outliers. There are no proposed changes to local level funding rules.
- 6.4 The proposals also included proposals for new year to year protections for local authority funding rates in 2023 To 2024. Illustrative modelling published as part of the consultation showed that all local authorities would see an increase of between 1% and 4.5% for the 3 & 4 year old entitlement and between 1% and 8.6% for the 2 year old entitlement.
- 6.5 The DfE also consulted on the regulatory changes proposals to participation ratios by allowing more flexibility in the Early Years sector.
- 6.6 The reforms proposed will result in some changes to local authorities' funding rates. Some local authorities would see their funding rate decrease if their relative levels of need have decreased compared to other areas. In order to mitigate the impact, the DfE are proposing to introduce year-to-year protections to ensure that local authorities can manage the changes at a local level. For 2023-24, the proposal is to set this at +1% meaning every local authority sees an increase in their hourly funding rate in 2023-24.
- 6.7 Since 2017, many local authorities have received supplementary funding for their MNS in recognition of the additional costs that they bear over and above other providers, because of the fact that they are schools. This additional funding was introduced to take account of historic LA spend on maintained nursery schools at that time and was intended to provide stability to the nursery school sector. From 2023-24, the DfE are proposing to invest an additional £10

million into MNS supplementary funding and to reform the distribution to ensure that it is being shared more evenly across all LAs with MNSs.

- 6.8 If the proposed changes are adopted this will see an overall increase in the base rate of the funding formula. **Annex B** illustrates that North Northamptonshire would benefit from a 4.5% increase in the 3 & 4 year old funding rate and 2% increase in 2 year old funding.
- 6.9 A published report on the outcome of the consultation together with announcements regarding Early Years funding are expected in the Autumn and therefore proposals regarding 2023/24 funding will be brought to the next available School Forum.

## **7. Recommendations for Schools Forum**

- 7.1 Schools Forum are asked to approve 2 additional places for wider representation of the PVI sector
- 7.2 Schools Forum are asked to note the updates on roll out of Early Years SENIF funding
- 7.3 Schools Forum are asked to note the updates on the 2021/22 and 2022/23 Budget
- 7.4 Schools Forum are asked to note the DFE's Early Years National Funding Formula Consultation and the possibility of its implementation in 2023/24.

## **8. Next steps**

- 8.1 This paper is to update Schools Forum on the Early Years Block in preparation for the December and January meeting when key decisions need to be made.

## **9. Financial implications**

- 9.1 The financial information contained in this report is for information and consultation at this stage. A further report will be brought back to Schools Forum in December detailing the various decisions that need to be made in terms of amounts held for central expenditure, SEN Inclusion and the various funding rates for 2, 3 and 4 year old entitlement, deprivation,

## **10. Legal implications**

- 10.1 Schools Forum need to ensure that all the various sectors are adequately represented to ensure all decisions made are valid.

### **10.1 Risks**

- 10.1 There's the risk that the wrong financial decision may be made by Schools Forum. There is also the risk that decisions made could be ultra vires.

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### Early Years Funding Formula Consultation North Northamptonshire Council's Draft Response

Question 1:	Do you agree with our proposal to update the underlying data in the additional needs factor in the EYNFF?
Answer:	Yes. It needs to be updated as it doesn't reflect the current situation.
Question 2:	Do you agree with our proposal to move to using the free school meals headline measure?
Answer:	Yes. This change is welcomed as it could potentially increase our funding.
Question 3:	Do you agree with our proposal to update the way in which the Disability Living Allowance data is used?
Answer:	Yes as the current data is 6 years out of date.
Question 4:	Do you agree with our proposal to update the underlying data used in the area cost adjustment in the EYNFF, in particular the rateable values data and the GLM data, when available?
Answer:	Yes. However this will impact NNC as it is based on ACA adjustment as the rateable value is lower in the North Northamptonshire than Northamptonshire currently.
Question 5:	Do you agree with our proposed amendments to the proxy measure for premises related costs in the EYNFF, including introducing schools rateable values data?
Answer:	Yes as the current data is so out of date and as the current property values have gone up so the rateable value should go up.
Question 6:	Do you agree with our proposed approach to mainstreaming the early years element of the teachers' pay and pensions grants?
Answer:	No as there is a high risk that the funding is not used for what it is intended for.
Question 7:	Do you agree with our proposal to update the operational guide to encourage local authorities to take account of additional pressures that some providers might face using the existing quality supplement?
Answer:	No. The whole operational guide needs to be revisited not just the existing quality supplement. The statutory duties for the local authorities needs to be updated <a href="http://www.gov.uk">Early education and childcare - GOV.UK (www.gov.uk)</a>
Question 8:	Do you agree with our proposal to update the underlying data in the area cost adjustment in the 2-year-old formula?
Answer:	Yes as the current dataset is very out of date.
Question 9:	Do you agree with our proposal to introduce a proxy for premises related costs into the 2-year-old formula?
Answer:	Yes as it will align it with 3 & 4 year old funding which then opens up the providers with the potential of offering more disadvantaged 2 year old places.
Question 10:	Do you agree with our proposed approach to protections in the EYNFF for 2023-24?



Answer:	Yes the protection should reflect the current cost of living increases as well as the impact of Covid.
Question 11:	Do you agree with our proposed approach to protections in the 2- year-old formula for 2023-24?
Answer:	Yes the protection should reflect the cost of living increase as well as the impact of Covid especially babies born during the pandemic as they are the disadvantaged 2 year olds.
Question 12:	Do you agree with our proposal to introduce a minimum hourly funding rate and a cap on the hourly funding rate for MNS supplementary funding?
Answer:	Yes.
Question 13:	Do you agree with our proposed approach to rolling the teachers' pay and pensions grants into MNS supplementary funding?
Answer:	No. We think this would adversely impact our MNS in real terms.
Question 14:	Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics? Where any negative impacts have been identified, do you know how these might be mitigated?
Answer:	<p><b>Positive impact:</b></p> <ul style="list-style-type: none"> <li>• 2 yo funding aligning with 3 &amp; 4 yo funding providing capacity to deliver additional 2 yo disadvantages places across the sector</li> <li>• Changes to updating the dataset will reflect the current situation which will be beneficial to the LA</li> </ul> <p><b>Negative impact:</b></p> <ul style="list-style-type: none"> <li>• Rolling the teachers' pay and pensions grants into MNS supplementary funding and then capping it risks reducing funds available for the children it was originally intended for</li> <li>• Update the operational guide to encourage local authorities to take account of additional pressures that some providers might face using the existing quality supplement. This will only identify the pressures on the sector without any additional funding for quality supplement to the LA</li> </ul>
Question 15:	Are there any other comments that you would like to make about our proposed reforms?
Answer:	<ul style="list-style-type: none"> <li>• We are concerned the proposed reforms do not reflect the impact as a result of the pandemic i.e. Covid babies are now our 2 yo and there is a greater draw on our SENIF funding which cannot cope with the volume of children presenting emerging needs. This will have a knock-on effect on attainment and the High Needs Funding when children start mainstream school.</li> <li>• The increasing cost of living inflation has a knock-on effect on the sector in terms of running cost and whether they continue to be viable or not. This could potentially create a sufficiency issue as settings as forced to close.</li> </ul>



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EYNFF Consultation Illustrative projections

Illustrative 2-year-old entitlement 2023-24 hourly funding rates

For 2023-24, we propose the following protections: +1% year-to-year protection and a 8.6% gains cap. Whilst the majority of LAs will see a % change between 1% and 8.6% some LAs will see changes outside of these limits. Rate changes outside of these limits will be due to rounding (after protections are applied, hourly rates are rounded (up or down) to the nearest penny, resulting in some increases slightly above 8.6% and some slightly below 1%).

Region (alphabetical order)	LA number	LA name (alphabetical order within region)	2022-23 2YO funding rate (£ / hr)	Illustrative 2023-24 2YO funding rate (£ / hr)	Change (£) from 2022-23 rate	Change (%) from 2022-23 rate
EAST MIDLANDS	831	Derby	£5.57	£5.64	£0.07	1.3%
EAST MIDLANDS	830	Derbyshire	£5.57	£5.63	£0.06	1.1%
EAST MIDLANDS	856	Leicester	£5.57	£5.63	£0.06	1.1%
EAST MIDLANDS	855	Leicestershire	£5.57	£5.63	£0.06	1.1%
EAST MIDLANDS	925	Lincolnshire	£5.57	£5.63	£0.06	1.1%
EAST MIDLANDS	940	North Northamptonshire	£5.62	£5.73	£0.11	2.0%
EAST MIDLANDS	892	Nottingham	£5.60	£5.66	£0.06	1.1%
EAST MIDLANDS	891	Nottinghamshire	£5.60	£5.66	£0.06	1.1%
EAST MIDLANDS	857	Rutland	£5.57	£5.63	£0.06	1.1%
EAST MIDLANDS	941	West Northamptonshire	£5.62	£5.81	£0.19	3.4%

### Illustrative Early Years National Funding Formula (EYNFF) 3- and 4-year-old entitlements 2023-24 hourly funding rates

For 2023-24, we propose the following protections: £4.86 minimum funding floor, +1% year-to-year protection, and a 4.5% gains cap. Whilst the majority of LAs will see a % change between 1% and 4.5%, some LAs will see changes outside of these limits. Rate changes outside of these limits will be due to either the minimum funding floor (the gains cap cannot reduce your rate below the minimum funding floor) and/or due to rounding (after protections are applied, hourly rates are rounded (up or down) to the nearest penny, resulting in some increases slightly above 4.5% and some slightly below 1%).

Region (alphabetical order)	LA number	LA name (alphabetical order within region)	2022-23 EYNFF rate (£ / hr)	Illustrative 2022-23 TPPG rate (£ / hr)	2022-23 EYNFF rate + illustrative TPPG rate (£ / hr)	Illustrative 2023-24 EYNFF rate (£ / hr)	Change (£) from 2022-23 rate + illustrative TPPG rate	Change (%) from 2022-23 rate + illustrative TPPG rate
EAST MIDLANDS	831	Derby	£4.92	£0.09	£5.01	£5.10	£0.09	1.8%
EAST MIDLANDS	830	Derbyshire	£4.61	£0.08	£4.69	£4.87	£0.18	3.8%
EAST MIDLANDS	856	Leicester	£4.87	£0.12	£4.99	£5.04	£0.05	1.0%
EAST MIDLANDS	855	Leicestershire	£4.61	£0.00	£4.61	£4.86	£0.25	5.4%
EAST MIDLANDS	925	Lincolnshire	£4.61	£0.03	£4.64	£4.86	£0.22	4.7%
EAST MIDLANDS	940	North Northamptonshire	£4.66	£0.05	£4.71	£4.92	£0.21	4.5%
EAST MIDLANDS	892	Nottingham	£5.23	£0.16	£5.39	£5.44	£0.05	0.9%
EAST MIDLANDS	891	Nottinghamshire	£4.61	£0.10	£4.71	£4.86	£0.15	3.2%
EAST MIDLANDS	857	Rutland	£4.61	£0.02	£4.63	£4.86	£0.23	5.0%
EAST MIDLANDS	941	West Northamptonshire	£4.66	£0.04	£4.70	£4.91	£0.21	4.5%

### Maintained Nursery Schools illustrative 2023-24 supplementary funding hourly rates and allocations

- PTE (Part Time Equivalent): This is defined as the number of children taking up 15 hours per week over 38 weeks.
- Since the introduction of the EYNFF, local authorities have received supplementary funding for maintained nursery schools on top of their EYNFF allocation, to protect their MNS funding at their 2016-17 level for the universal 15 hours.
- LAs who do not provide any maintained nursery school PTEs have been greyed out in the table below as they do not qualify for this supplementary funding.

Region (alphabetical order)	LA number	LA name (alphabetical order within region)	2022-23 MNS Rate	Illustrative TPPG rate*	PTE for MNS supplementary funding for 2023-24 (January 2021)	2023-24 MNS pre-reforms rate	Illustrative 2023-24 MNS rate including TPPG uplift	Illustrative 2023-24 MNS rate with £3.80 minimum floor applied	Illustrative 2023-24 MNS rate with £10 maximum cap applied	Change (£) from 2022-23 rate + illustrative TPPG rate	2023-24 MNS pre-reforms funding	MNS' share of TPPG	Illustrative LA allocation for MNS supplementary funding for 2023-24
			(£ / hr) Unrounded	(£ / hr) [* See TPPG Baseline Uplift sheet]		(£ / hr) Rounded to nearest penny	(£ / hr)	(£ / hr)	(£ / hr)	(£ / hr)	(£ / hr)	(£)	(£)
			[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]	[i]	[j]	[k]
						= [a] x 2023-24 uplift of 3.10%	= [b] + [d]			= [g] - (round([a],2) + [b])	= [c] x [d] x 15 hours x 38 weeks	= [c] x [b] x 15 hours x 38 weeks	= [c] x [g] x 15 hours x 38 weeks
<b>England total:</b>			<b>£3.1</b>	<b>£0.1</b>	<b>29,224.1</b>	<b>£3.1</b>	<b>£3.1</b>	<b>£4.1</b>	<b>£4.1</b>	<b>£0.1</b>	<b>£54,790.01</b>	<b>£8,041.3</b>	<b>£72,666.81</b>
EAST MIDLANDS	831	Derby	£4.53	£0.50	440.33	£4.67	£5.17	£5.17	£5.17	£0.14	£1,172,114	£125,494	£1,297,609
EAST MIDLANDS	830	Derbyshire	£3.22	£0.48	535.93	£3.32	£3.80	£3.80	£3.80	£0.10	£1,014,194	£146,630	£1,160,825
EAST MIDLANDS	856	Leicester											
EAST MIDLANDS	855	Leicestershire	£2.86	£0.76	83.00	£2.94	£3.70	£3.80	£3.80	£0.18	£139,091	£35,956	£179,778
EAST MIDLANDS	925	Lincolnshire	£2.51	£0.55	290.93	£2.59	£3.14	£3.80	£3.80	£0.74	£429,499.96	£91,207.00	£630,155.00
EAST MIDLANDS	940	North Northamptonshire	£4.73	£0.40	346.17	£4.88	£5.28	£5.28	£5.28	£0.15	£962,906.47	£78,927.00	£1,041,834.00
EAST MIDLANDS	892	Nottingham	£3.41	£0.47	69.00	£3.52	£3.99	£3.99	£3.99	£0.11	£138,442	£18,485	£156,927
EAST MIDLANDS	891	Nottinghamshire											
EAST MIDLANDS	857	Rutland											
EAST MIDLANDS	941	West Northamptonshire	£4.73	£0.56	284.27	£4.88	£5.44	£5.44	£5.44	£0.15	£790,725.43	£90,739.00	£881,465.00





Department  
for Education

# Early years funding formulae

**Government consultation**

**Launch date 4 July 2022**

**Respond by 16 September 2022**

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## Ministerial foreword



Children's early education is crucial to their future success, as well as being a vital component of spreading opportunity and Levelling Up. This Government has committed to supporting as many families as possible by providing access to high quality, affordable childcare – both to help children to learn in their earliest years and to support parents to continue working, whilst looking after their children in the way that works best for them.

The proposed reforms described in this document not only reflect this commitment, but also provide the foundation for taking a renewed look into the childcare system. As part of this wider consideration, the government is separately consulting on specific proposals for changing the current

statutory minimum staff:child ratios in England for two-year-olds; allowing childminders to care for a fourth child under the age of 5; and looking at changes around adequate supervision whilst children are eating.

In 2017, we extended the free entitlement to childcare for three- and four-year-olds from 15 to 30 hours a week, to provide working parents with further support with the cost of childcare. At the same time, we launched the Early Years National Funding Formula (EYNFF), to ensure that funding for three- and four-year-olds would be distributed fairly and transparently to local authorities (LAs) across the country. This replaced the previous funding system which was based on historic LA expenditure. The EYNFF has since been at the heart of a record funding investment, alongside the separate formula for funding for the most disadvantaged two-year olds. Every year, over the last three years, we have spent over £3.5 billion on these free entitlements.

Many of the datasets which underpin these formulae and which we use to reflect geographical cost variation are not up to date. The longer we wait to do something about this, the further the formulae will drift away from recognising current need. It is important that they remain current, to ensure the funding system can be fair, effective and responsive to changing levels of need across different areas, with targeted investment towards those areas where it will do the most good. We are therefore planning to update the formulae for the 2023-24 financial year and will continue to do so annually thereafter.

This update will result in some changes to LA funding levels, given costs and levels of need in certain areas will have changed relative to others. As such, we are also consulting on applying new year-to-year protections to local authority funding rates, to help local markets to better manage changes. The 2021 Spending Review settlement

allows us to offer protections which means all local authorities will see an increase in the hourly rate that the government provides in 2023-24.

We are also consulting on reforms to maintained nursery school (MNS) supplementary funding. MNSs make a valuable contribution to improving the lives of some of our most disadvantaged children, and the government remains committed to supporting these schools in the long-term. We have confirmed continuation of MNS supplementary funding throughout the Spending Review period, and it is now right to look at the way in which this funding is distributed to local authorities. We are therefore announcing our intention to invest an additional £10 million, taken from the Department's overall Spending Review settlement for the early years, into MNS supplementary funding from 2023-24, in order to uplift the lowest funded areas and to create a fairer distribution of the funding across all LAs with MNSs.

We look forward to receiving your responses.

A handwritten signature in black ink, appearing to read 'Will Quince', written in a cursive style.

**Will Quince MP, Minister for Children and Families**

## Introduction

The Department for Education has spent over £3.5 billion in each of the past three years on our early education entitlements.

We want parents to have access to a range of affordable childcare, giving them increased flexibility in their working hours and helping children thrive in the crucial early years. The government-funded early years entitlements deliver 15 or 30 hours a week of free, high quality, flexible early education and childcare for eligible two, three- and four-year-olds for 38 weeks a year.

In April 2017 the early years national funding formula (EYNFF) was introduced to set the hourly funding rates that each local authority is paid to deliver the universal and additional entitlements for three- and four-year-olds. There is a separate formula that sets the hourly funding rates for two-year-olds. These formulae have been designed to allocate our record investment in early years entitlement funding fairly, efficiently and transparently across the country in order to give local authorities the funding they need to deliver the government's free childcare entitlement offers. Following extensive consultation, the EYNFF was designed to take account of the proportion of children with additional needs based on free school meals eligibility, English as an additional language and being in receipt of Disability Living Allowance, as well as staffing and premises related costs, as important drivers of, or proxies for, the relative cost of providing the childcare entitlement in different parts of the country.

We have not updated either of the formulae since their introduction initially to allow the 30 hours policy to embed and more recently due to one-year Spending settlements in 2019 and 2020. Between 2017 to 2018 and 2019 to 2020, local authorities protected by the transitional protections included when the EYNFF was introduced saw those protections unwind, whilst rates remained the same for other local authorities. Since 2020, we have increased the hourly rates paid to almost all local authorities, by adding the same amount to the rate paid to each authority; and for 2022-23 we have increased the hourly funding rates for all local authorities by 21p an hour for the two-year-old entitlement and, for the vast majority of areas<sup>1</sup>, by 17p an hour for the three- and four-year-old entitlements.

As the formulae have not been updated since they were introduced, the datasets underpinning the various factors within the formulae are now not the latest available – which therefore means that the formula is no longer targeting funding as effectively as it

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<sup>1</sup> There are nine LAs which are still being protected by the loss cap, meaning they are being funded (at a higher level) by reference to historic funding decisions, rather than in line with the funding formula. These local authorities have had their 2021-22 hourly funding rates maintained in 2022-23. The nine LAs are: Bristol, Camden, Ealing, Halton, Islington, Lambeth, Southwark, Tower Hamlets, and Westminster.

could be in order to meet current levels of need, which we know will have changed over the last few years.

At the Spending Review 2021 we announced that we are investing additional funding for the early years entitlements worth £160m in 2022-23, £180m in 2023-24 and £170m in 2024-25, compared to the 2021-22 financial year. It is right that we now use the certainty this settlement provides to look to make changes to the funding formulae for the 2023-24 financial year to ensure that we are distributing this funding fairly and in line with current need. The longer we wait to make these changes, the more out of date the underlying data becomes and therefore the larger the subsequent shifts in funding levels are likely to be when eventually the updates are made.

The proposals we are making in this consultation relate to the distribution of the entitlements funding. We are not proposing changes to the overall quantum of funding going through the two funding formulae, which remains at the level agreed at the Spending Review 2021.

### **Reforms to the national early years funding formulae**

We have always been clear that we would continue to review the data underpinning the EYNFF. We are now proposing to update the underlying data in both formulae to bring them up to date. We are also proposing to make some adjustments to the formulae, in particular to the area cost adjustment, to ensure that the proxy measures within both formulae continue to direct funding where it is most needed.

Going forward, we propose to update the data annually, as is done with the schools and high needs national funding formulae, to ensure that we continue to remain responsive to changing levels of need across the country, rather than allowing multiple years' worth of changes to build up.

### **Protections**

The reforms we are proposing will result in some changes to local authorities' funding rates. Some local authorities would see their funding rate decrease if their relative levels of need have decreased compared to other areas. In order to mitigate the impact, we are proposing to introduce year-to-year protections to ensure that local authorities can manage the changes at a local level. For 2023-24, we propose to set this at +1% meaning every local authority sees an increase in their hourly funding rate in 2023-24.

### **Reforms to maintained nursery school supplementary funding**

We are also proposing to reform the funding arrangements for maintained nursery schools (MNS). Since 2017, many local authorities have received supplementary funding for their MNS in recognition of the additional costs that they bear over and above other providers, because of the fact that they are schools. This additional funding

was introduced to take account of historic LA spend on maintained nursery schools at that time and was intended to provide stability to the nursery school sector.

We have continued to provide this supplementary funding to enable local authorities to protect their 2016-17 funding level for the universal 15-hour entitlement for MNSs. At the Spending Review 2021, we confirmed continuation of MNS supplementary funding through the three-year spending period. From 2023-24, we are proposing to invest an additional £10 million into MNS supplementary funding and to reform the distribution to ensure that it is being shared more evenly across all LAs with MNSs.

### **Scope of the consultation**

Some elements of early years funding remain out of scope for this consultation. In this consultation we are focusing on the way in which the entitlements funding is distributed from the Department to local authorities through the national funding formulae, rather than on local funding arrangements. We are not currently proposing to make changes to the local rules which local authorities must follow when setting their own local funding formulae and so we would consider matters relating to this to be out of scope for this consultation. We have, however, included a final question which provides an opportunity for more general comments.

### **Who this is for**

- Local authorities
- Early years providers
- Sector representative bodies

### **Issue date**

The consultation was issued on 4 July 2022.

### **Enquiries**

If your enquiry is related to the policy content of the consultation you can contact the team on:

[EYNFF.Consultation@education.gov.uk](mailto:EYNFF.Consultation@education.gov.uk)

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email: [Consultations.Coordinator@education.gov.uk](mailto:Consultations.Coordinator@education.gov.uk) or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).



## **Additional copies**

Additional copies are available electronically and can be downloaded from [GOV.UK DfE consultations](#).

## **The response**

The results of the consultation and the Department's response will be [published on GOV.UK](#) in Autumn 2022.

## About this consultation

This consultation document makes a number of proposals regarding the early years funding formulae for the 2023-24 financial year – in particular, we are proposing to update the data which underpins the formulae, as well as some adjustments to the different factors within the formulae to ensure that we are continuing to direct funding where it is most needed.

Section 1 focuses on the early years national funding formula (EYNFF) for the universal and additional entitlements for 3- and 4-year-olds and sets out the updates that we are proposing to make. This also includes proposals for mainstreaming the currently separate teachers' pay and pensions grants into the EYNFF.

Section 2 then sets out our proposals regarding the formula for the 2-year-old entitlement in a similar manner.

Section 3 sets out proposals for year-to-year protections which we intend to include in order to mitigate the impact and ensure that local authorities can manage the changes at a local level. For 2023-24, we propose to set the year-to-year at +1% meaning every local authority sees an increase in their hourly funding rate in 2023-24.

Section 4 sets out the overall illustrative impact that these reforms will have on funding rates for local authorities in 2023-24. Alongside this consultation document we have also published illustrative modelling which sets this out in more detail, accompanied by a technical note.

Section 5 of the consultation document sets out proposals to reform maintained nursery school (MNS) supplementary funding in 2023-24. This also includes our proposed approach to rolling the teachers' pay and pensions grants into MNS supplementary funding.

We would like to hear your views on our proposals.

## Respond online

To help us analyse the responses please use the online system wherever possible. Visit [www.education.gov.uk/consultations](http://www.education.gov.uk/consultations) to submit your response.

## Other ways to respond

If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a word document version of the form and email it or post it.

**By email**

[EYNFF.Consultation@education.gov.uk](mailto:EYNFF.Consultation@education.gov.uk)

**By post**

Funding Policy Unit  
Department for Education  
Sanctuary Buildings  
Great Smith Street  
London SW1P 3BT

**Deadline**

The consultation closes on 16 September 2022.

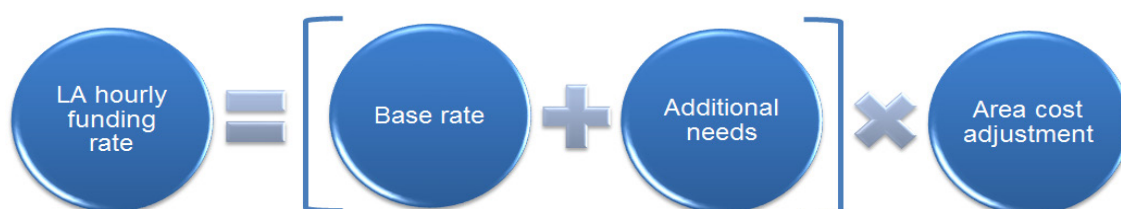
# 1. The early years national funding formula (EYNFF)

In this section we set out proposals in relation to the early years national funding formula (EYNFF), including updating the underlying data, making some adjustments to the area cost adjustment used within the formula and rolling in the early years element of the teachers' pay and pensions grants.

The government provides a significant package of childcare support to parents and carers, including our 30 hours offer for working parents of 3- and 4-year-olds which has rolled out successfully since it was introduced in September 2017. When it was introduced in April 2017, the EYNFF set the hourly funding rates that each local authority was paid to deliver the universal and additional entitlements for 3- and 4-year-olds (with flat rate increases added in recent years).

The EYNFF was designed to allocate funding to reflect the relative costs of providing childcare that meets the needs of children in a local area, and features:

- a universal base rate (UBR) of funding for each child (89.5% of funding);
- an uplift for children with additional needs (10.5% of funding); and
- an area cost adjustment to reflect variations in costs across the country



None of the underlying data has been updated since the EYNFF was introduced in 2017-18, and so many of the datasets underpinning the formula factors are now not using the latest data. We are therefore proposing to update the formula so that it is using the most up to date data available, and to continue to update the data annually going forward, to ensure that we are distributing funding in line with current levels of need.

We are not proposing to make any major changes to the structure or composition of the formula itself. We are, however, proposing to make some amendments to the way in which some of the additional needs data is calculated, along with several adjustments to the way in which the area cost adjustment is calculated so that it better reflects the variation in costs across different areas.

## 1.1 Base rate

The universal base rate is designed to fund the core costs of childcare provision which do not vary by local area. 89.5% of the total funding for three- and four-year olds is channelled through this base rate. As set out in our 2016 consultation<sup>2</sup> ahead of the introduction of the EYNFF, this approach was informed by the Cost of Childcare Review<sup>3</sup>. We believe that this approach continues to be appropriate to ensure sufficient basic funding for each child, while also ensuring adequate levels of funding are channelled to those with additional needs.

The base rate has not been updated since the formula was introduced in 2017. Between 2017-18 and 2019-20, local authorities protected by transitional protections saw those protections unwind, whilst rates remained the same for other local authorities. Since 2020-21, we have provided local authorities with fixed pence uplifts to their hourly rates, rather than using the formula to calculate an updated rate. In 2023-24 we are proposing to return to using the formula which means that the base rate will be updated. Further details are set out in the accompanying technical note.

## 1.2 Additional needs factor

We want to ensure local authorities are able to fund childcare providers for the additional costs of providing quality early education for children with additional needs. This is why the EYNFF includes an additional needs factor to channel funding towards local authorities with a higher relative proportion of children with additional needs, reflecting the extra costs of supporting such children to achieve good early learning and development outcomes.

This factor accounts for 10.5% of funding and is made up of three proxy measures:

- Free school meals (FSM) eligibility for KS1 & KS2 children<sup>4</sup>, as a proxy measure for the additional costs of providing childcare for children with disadvantage or low-level special educational needs (the incidence of the latter is correlated with deprivation): weighted 8%
- English as an additional language (EAL) for KS1 & KS2 children, as a proxy measure for the costs of additional support for children who do not have English as a first language: weighted 1.5%

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<sup>2</sup> The consultation ran in 2016, but it is available here: <https://consult.education.gov.uk/early-years-funding/eynff/>. The government response to the consultation is available here: <https://www.gov.uk/government/consultations/early-years-funding-changes-to-funding-for-3-and-4-year-olds>

<sup>3</sup> Review of Childcare Costs: <https://www.gov.uk/government/publications/review-of-childcare-costs>

<sup>4</sup> From 2023-24 we are proposing to move to using the headline FSM measure which does include some children who are below KS1.

- Disability Living Allowance (DLA) for 0–5-year-olds<sup>5</sup>, as a proxy measure for children with more complex special educational needs and disabilities (SEND): weighted 1%

We believe that these three proxy measures are still the most appropriate for ensuring that more money reaches local authorities where the incidence of children with additional needs is greater. We believe that they still meet our aim to reflect the extra costs associated with narrowing the gap in outcomes and supporting children’s early education.

However, the datasets currently used to determine how much funding authorities receive in respect of these factors date from 2015 and 2016, and so we are proposing to update all three with the most current data available, as set out below, and to continue doing so annually from now on. In some cases, this data is already available and has been used in the accompanying modelling, but in other cases it will be updated again before we publish final rates in the autumn:

<b>Data</b>	<b>Source of data</b>	<b>Date of data currently used in formula</b>	<b>Date of latest available data (used in accompanying modelling)</b>	<b>Date of data to be used for final rates</b>
Free school meals (FSM)	DfE Annual Schools Censuses	January 2016	January 2021	January 2022
English as an additional language (EAL)	DfE Annual Schools Censuses	January 2016	January 2021	January 2022
Disability Living Allowance (DLA)	Department for Work and Pensions (DWP)	August 2015	February 2020	February 2021 <sup>6</sup>

**Table 1 Data sources for the Additional Needs Factor**

We are not proposing to change the three proxy measures we use or their weightings in the formula, but we are proposing to adjust the way in which we calculate FSM and DLA. We are not proposing to make any changes to the way in which we use the EAL data.

<sup>5</sup> From 2023-24 we are proposing to move to using data for 3- and 4-year-olds only, as set out below.

<sup>6</sup> Subject to availability of the necessary data in time for final rates in the autumn

## **Free school meals data**

For FSM, we propose to move to the headline measure for FSM which is calculated using all pupils in state-funded nursery and primary schools, rather than the current measure which filters by age e.g., excluding part-time pupils aged under 5. This is the measure that is more commonly used – for example this change will align the FSM measure used in the EYNFF with that used in the High Needs NFF.

## **Disability Living Allowance data**

We propose to update the underlying DLA data within the additional needs factor and to make some amendments to the way in which we are using it to better align with the eligibility for the entitlements and ensure we are using the most recent data available. Currently this measure is based on the number of claimants aged under five years old. We propose to instead use the number of 3- and 4-year-olds who are entitled to the DLA, in line with the age group being funded, and to move to using data from February rather than August. We also propose to calculate the proportion of children who are eligible using 3- and 4-year-olds mid-year ONS population estimates as this will be more representative than the current approach of using census data.

Updating the underlying data, along with the above adjustments, results in changes to the factor rates for the additional needs factor, leading to some changes to funding levels across different areas where relative levels of need have shifted in the years since the formula was introduced. The accompanying modelling and technical note set this out in more detail.

**Question 1: Do you agree with our proposal to update the underlying data in the additional needs factor in the EYNFF?**

**Question 2: Do you agree with our proposal to move to using the free school meals headline measure?**

**Question 3: Do you agree with our proposal to update the way in which the Disability Living Allowance data is used?**

## **1.3 Area cost adjustment**

The 'area cost adjustment' (ACA) takes account of the relative difference in costs in different areas of the country. It accounts for variations in both staff and premises costs.

The ACA acts as a multiplier to each authority's hourly rate as calculated through their base rate and additional needs factor, and is made up of the following components:

- General labour market (GLM) measure to reflect staff costs: weighted 80%
- Nursery rates cost adjustment (NRCA) to reflect premises costs: weighted 10%

- The remaining 10% of costs are assumed not to vary from authority to authority

We are proposing to update the underlying data with the most current data available. In some cases, this data is already available and has been used in the accompanying modelling, but in other cases it will be updated again before we publish final rates in the autumn:

<b>Data</b>	<b>Source of data</b>	<b>Date of data currently used in the formula</b>	<b>Date of latest available data (used in accompanying modelling)</b>	<b>Date of data to be used for final rates</b>
Nursery rates cost adjustment (NRCA)	Valuation Office Agency (VOA)	2015 <sup>7</sup>	Average of 2019, 2020 and 2021 <sup>8</sup>	Average of 2020, 2021 & 2022
General labour market (GLM)	Department for Levelling Up, Housing and Communities (DLUHC)	2013-14	2013-14	2013-14

**Table 2 Data sources for the Area Cost Adjustment**

### **General labour market (GLM) measure**

We propose to keep the current GLM measure as we believe it is still the best proxy for staff related costs, as variations in average early years wage costs correlate well to the general labour market. Currently the formula uses data from 2013-14, which is still the most recent data available in the format required for use in our formula<sup>9</sup>. However, going forward we propose to update this underlying data when it becomes available. For example, we anticipate new data being available in time for the 2024-25 financial year.

#### *London fringe local authorities*

For the 2023-24 financial year we are proposing to make a technical amendment to improve the way the GLM data is calculated in London fringe local authorities. There are

<sup>7</sup> Based on 2010 full property revaluation with smaller annual updates for new builds – snapshot taken as at September 2015.

<sup>8</sup> [Based on 2017 full property revaluation with smaller annual updates, snapshot taken as at March 2021, published September 2021](#). The next *large* update based on full revaluation of properties is due to be published in Summer 2023.

<sup>9</sup> Please refer to the accompanying technical note for further detail on the availability of GLM data.



five local authorities<sup>10</sup> where the GLM rate is split into fringe and non-fringe districts within the LA. The two early years funding formulae currently use different methods for incorporation of London fringe data. In the EYNFF, for LAs which incorporate 'fringe' and 'non-fringe' areas, only data for the fringe was used to calculate the GLM measure. However, the 2-year-old formula uses a weighted average, weighted by population in each district. This represents a better estimate of the cost that will be faced in an area, and we therefore propose to change the 'fringe' method used in the EYNFF to use the weighted average measure, consistent with the approach taken in the 2-year-old formula.

### **Nursery rates cost adjustment**

We propose to continue to use rateable values data within the ACA as a proxy for premises related costs, as we still consider this to be the most suitable proxy available. We do, however, propose to make a number of amendments to the way in which this data is used to improve this proxy measure.

#### *Updating the underlying data*

We propose to update the underlying valuation data that is used. Currently the data is based on the 2010 full property revaluation, following which there have been smaller annual updates. The formula uses a snapshot of this data that was taken as at September 2015. There was a 2017 full property revaluation, and subsequent smaller annual updates and so we propose to take snapshots as at March 2019, 2020, and 2021, which is the most recent three years of data available, which will then be averaged – see below.

#### *Smoothing the data*

Currently the data used is a single snapshot taken as at September 2015, taking account of just one year's data. We propose to move to an approach where we calculate the rates cost adjustment measure for each of the last three years and then take an average of these to smooth volatility, i.e., for 2023-24, to calculate the rates cost adjustment measures using March 2019, 2020, and 2021 data and then take an average of these measures. We are proposing this approach primarily to help reduce the volatility that could be caused by future property revaluations.

#### *A metre-squared approach*

We propose an amendment to the rateable value measure used. The current methodology takes account of the rateable values by setting, i.e., calculates a simple, mean average rateable value for all settings in each LA. This tends to disadvantage authorities with many, smaller settings, whose absolute rateable values will correspondingly be relatively smaller. We propose to replace this with a measure that

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<sup>10</sup> Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex.

also takes account of the floor area of each setting, i.e., calculates an average rateable value per metre squared for all settings in each LA. This means that the formula should better take account of the size of setting, and therefore better reflect relative costs.

#### *Nursery, infant and primary rates cost adjustment (NIPRCA)*

The current nursery rates cost adjustment (NRCA) is calculated using private nursery sector data only. We are also proposing to amend this approach to include an infant and primary (schools') rates cost adjustment (IPRCA) calculated using school rateable value data, with these two factors then combined by weighting by the proportion of 3- and 4-year-old universal and additional hours taken up in each setting type. This will allow the formula to better recognise the overall cost of childcare across an authority, taking account of the different provider types in which entitlements are being taken up within each authority, and it also increases the sample size, which will result in less volatility at future updates.

Taking account of these changes, we are therefore proposing to rename the nursery rates cost adjustment (NRCA) as the new nursery, infant and primary rates cost adjustment (NIPRCA).

We are not proposing any changes to the weightings of these components, and so our new proposed ACA will be made up of:

- General labour market (GLM) measure: weighted 80%
- Nursery, infant and primary rates cost adjustment (NIPRCA): weighted 10%
- The remaining 10% of costs which are assumed not to vary from authority to authority

The area cost adjustment will continue to be applied as a multiplier of both the universal base rate and the additional needs factor, to ensure that both the universal and the additional costs of provision in a local area are increased where staffing and/or premises costs are relatively higher than elsewhere. Further details are set out in the accompanying technical note.

**Question 4: Do you agree with our proposal to update the underlying data used in the area cost adjustment in the EYNFF, in particular the rateable values data and the GLM data, when available?**

**Question 5: Do you agree with our proposed amendments to the proxy measure for premises related costs in the EYNFF, including introducing schools rateable values data?**

## 1.4 Teachers' pay and pensions grants

Since 2018, school-based nurseries and maintained nursery schools have received the Teachers' Pay Grant (TPG) and since 2019 they have also received the Teachers' Pension Employer Contribution Grant (TPECG), in addition to their free entitlements funding. These grants were introduced to provide support to schools with respect to the 2018 and 2019 teachers' pay awards, and to support schools and local authorities with the cost of the 2019 increase in employer contributions to the teachers' pension scheme.

From the 2021-22 financial year, the (much larger) elements of these grants which are intended for 5-16 mainstream schools and special schools, have been paid through the schools and high needs national funding formulae (NFF). However, as maintained nursery schools and school nurseries are not funded through the NFF, these institutions have continued to receive their share of this funding as grants.

From the 2023-24 financial year we are proposing to mainstream the early years elements of this funding, bringing early years in line with schools and high needs, to streamline the system to make it easier for institutions to manage their finances.

We propose to roll the majority of the money which is currently distributed through the teachers' pay and pensions grants into the overall quantum of the 3- and 4-year-old entitlements funding<sup>11</sup>, and then we will use this new quantum in the updated formula to calculate local authority hourly rates.

To limit the extent of the changes in distribution of the grant, we propose to include each local authorities' indicative 2022-23 teachers' pay and pensions grants funding within the baseline against which we apply protections for 2023-24, which we set out in Section 4. Further details are set out in the accompany modelling and technical note.

We encourage local authorities to continue to use this funding to support some of the costs for which the grants were originally introduced. We propose to change local (non-statutory) funding guidance to LAs by updating the language in the operational guide regarding the quality supplement, which is one of the existing discretionary supplements that local authorities can choose to include in their local funding formula. We would encourage LAs to consider using this supplement to take account of additional pressures that some providers might face, from, for example, the need to pay employer contributions to the teachers' pension scheme.

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<sup>11</sup> Currently the teachers' pay and pensions grants funding is calculated using 2-4yo headcount. We are proposing to derive an implied hourly rate using 3- and 4-year-old PTEs, rather than separating out the 2-year-old element, because the quantum for just 2-year-olds would be very small (as there are very few 2-year-olds taking up entitlements in school-based nurseries). We believe that using 3- and 4-year-olds headcount and putting all of the money through the EYNFF will sufficiently cover both.

Although we intend to roll the majority of the funding into the EYNFF, for maintained nursery schools we propose to retain their share of the money and allocate it through supplementary funding – see Section 5 on MNS for further details.

**Question 6: Do you agree with our proposed approach to mainstreaming the early years element of the teachers' pay and pensions grants?**

**Question 7: Do you agree with our proposal to update the operational guide to encourage local authorities to take account of additional pressures that some providers might face using the existing quality supplement?**

## 2. The 2-year-old funding formula

In this section we set out proposals in relation to the 2-year-old formula, including updating the underlying data and expanding the area cost adjustment to bring it in line with the EYNFF and better reflect the differences in costs experienced by providers across the country.

The government provides 15 hours of free childcare a week for 38 weeks of the year for disadvantaged two-year-olds, available for those from low-income families, or children with a disability or special educational need, and those who are looked after or who have been adopted from care. Funding for the early years entitlement for disadvantaged two-year-olds is distributed to local authorities through its own formula, distinct from the EYNFF. The 2-year-old formula predates the EYNFF and is much simpler. It is made up of a base rate multiplied by an area cost adjustment (ACA). As the entitlement is already directed at the most disadvantaged group, an 'additional needs' factor is not needed in this formula.



### 2.1 Base rate

The base rate has not been updated since the 2015-16 financial year. In the last two years, we have provided local authorities with fixed pence uplifts to their hourly rates, rather than using the formula to calculate an updated rate, as we have done for the EYNFF. In 2023-24 we are proposing to return to using the formula which means that the base rate will be updated. Further details are set out in the accompanying technical note.

### 2.2 Area cost adjustment

The area cost adjustment (ACA) takes account of the relative difference in costs in different areas of the country. In the 2-year-old formula it accounts for variations in staff costs but does not currently factor in premises costs.

The area cost adjustment (ACA) acts as a multiplier and is currently made up of:

- General labour market (GLM) measure to reflect staff costs: weighted 83%
- The remaining 17% of costs are assumed to be fixed across all LAs

### General labour market (GLM) measure

We propose to keep the current GLM measure as we believe it is still the best proxy for staff related costs. Currently the formula uses data from 2011-12, and so we propose to update the data to use the 2013-14 data, in line with the EYNFF. Going forward we propose to update this underlying data when it becomes available.

Data	Source of data	Date of data currently used in the formula	Date of latest available data
General labour market (GLM)	Department for Levelling Up, Housing and Communities (DLUHC)	2011-12	2013-14

Table 3 Data sources for the 2-year-old area cost adjustment

### Nursery, infant and primary rates cost adjustment (NIPRCA)

We are also proposing to amend the area cost adjustment for the 2-year-old formula to include a premises related proxy for the first time. Premises costs were not originally included in the 2-year-old formula, and it was not updated when the EYNFF was introduced. We are now proposing to add a premises factor to the 2-year-old formula ACA, bringing the formula in line with the EYNFF, as settings offering the 2-year-old entitlement face the same premises costs as those catering for older children, and this will better reflect their costs. This would be the same approach as we take for the EYNFF, meaning we will add a nursery, infant and primary rates cost adjustment (NIPRCA) element as set out in Section 1, but will weight together the nursery rates cost adjustments and the infant and primary schools rate cost adjustments using the proportion of 2-year-old entitlement hours in each setting type in each LA.

To facilitate this, we also propose a change to the weighting of the ACA to bring it in line with the EYNFF, moving from the current 83% GLM, 17% fixed cost weighting, to our new proposed ACA made up of:

- General labour market (GLM) measure: weighted 80%
- Nursery, infant and primary rates cost adjustment (NIPRCA): weighted 10%
- The remaining 10% of costs which are assumed not to vary from authority to authority

**Question 8: Do you agree with our proposal to update the underlying data in the area cost adjustment in the 2-year-old formula?**

**Question 9: Do you agree with our proposal to introduce a proxy for premises related costs into the 2-year-old formula?**

## 3. Protections

In this section we set out our intention to include year-to-year protections to help smooth the return to using an updated formula and minimise the impact of changes to funding levels driven by these reforms in 2023-24.

Our proposals to update the EYNFF and 2-year-old formula will, rightly, see new levels of funding across the country as funding is better matched to current levels of need. We want those areas and providers due to receive increases to benefit and receive gains as soon as possible. In the minority of cases where making these changes without introducing protections would mean local authorities would not see their funding increase, we want the transition to be manageable. This will give early years providers and local authorities time to plan how to make the best use of their new levels of funding.

### 3.1 Loss cap

When the EYNFF was introduced, a loss cap protection was applied to ensure that no area could lose more than 10% from their 2016-17 funding baseline. There are a small number of local authorities<sup>12</sup> which continue to be protected as a result of the 'loss cap'. This means they are being funded – at a higher level – by reference to historic funding decisions, rather than in line with the funding formula used to determine funding levels for every other local authority. These local authorities have had their 2021-22 hourly funding rates maintained in 2022-23.

In 2023-24 we propose to remove this loss cap and replace it with the alternative protections set out below.

### 3.2 Minimum funding floor

When the EYNFF was introduced, a minimum funding floor was applied to ensure that no areas received less than £4.30 per hour for the 3- and 4-year-old entitlements. The minimum funding floor has increased in subsequent years in line with the uplift that we have provided to local authorities' hourly rates. In 2022-23, this minimum funding floor was increased to £4.61. For 2023-24 we are proposing to increase the minimum funding floor in the EYNFF in line with the national average rate increase (including the impact of rolling in TPPG funding).

There is not currently a minimum funding floor for the 2-year-old formula, and we are not proposing to introduce one. We do not believe that a minimum funding floor is

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<sup>12</sup> The nine loss cap LAs in 2022-23 are: Bristol, Camden, Ealing, Halton, Islington, Lambeth, Southwark, Tower Hamlets, and Westminster.

necessary given the smaller variation seen in 2-year-old funding rates across the country, compared with the variation in the EYNFF.

### 3.3 Year-to-year protections

For both formulae, we propose to introduce year-to-year protections to mitigate the impact of the reforms and ensure local authorities can manage the changes at a local level. For 2023-24, we propose to set this at +1% meaning every local authority sees an increase in their hourly funding rate in 2023-24.

This protection will be applied against a baseline which will be calculated as follows (further details are set out in the accompanying technical note):

For the EYNFF, we propose to use a baseline made up of the sum of each local authority's:

- Indicative 2022-23 EYNFF rate and
- Indicative rate for funding distributed to early years providers through the teachers' pay and pensions grants in 2022-23

For the 2-year-old formula, we propose to use each local authority's indicative 2022-23 rate as a baseline.

In 2023-24, all local authorities will therefore see their funding rates increase by at least 1% compared with their 2022-23 rate, with the majority expected to see greater funding rate increases.

### 3.4 Gains cap

To pay for the proposed year-to-year protections, we propose to introduce a cap on the gains that any local authority can see. In order to be able to ensure that all LAs see an increase in their hourly rate in 2023-24, our illustrative modelling suggests we will limit local authorities' gains in 2023-24 to 4.5% for the EYNFF and 8.6% for the 2-year-old formula.

**Question 10: Do you agree with our proposed approach to protections in the EYNFF for 2023-24?**

**Question 11: Do you agree with our proposed approach to protections in the 2-year-old formula for 2023-24?**



## 4. Impacts

Our proposals will see new levels of funding across the country as funding is better matched to current levels of need. This means that funding levels will shift between areas as the latest data shows that different local authorities' relative needs have changed. As we have set out in section 3, we are proposing to include protections to ensure that local authorities can manage the changes at a local level. For 2023-24, we propose to set this at +1% meaning every local authority sees an increase in their hourly funding rate in 2023-24.

Alongside this consultation document we have published modelling which sets out the illustrative impact that these proposed reforms will have on local authorities' funding rates for 2023-24. It is worth noting that this analysis is illustrative only. We will confirm final funding rates in autumn 2022, following this consultation and using the most up to date data available at that point.

### 4.1 Impact on EYNFF rates

Under our proposals all local authorities in England would see their EYNFF hourly funding rate increase in 2023-24. Our illustrative modelling suggests that 31 LAs would be on the minimum funding floor. Beyond this, 49 LAs would benefit from our proposed protections against cash losses, and would see their hourly funding rate increased by 1%. 43 LAs would be affected by the gains cap of 4.5%.

### 4.2 Impact on 2-year-old rates

Under our proposals, all local authorities in England would see their 2-year-old hourly funding rate increase in 2023-24. Our illustrative modelling suggests that 64 local authorities would benefit from our proposed protection against losses, seeing their hourly rate increased by 1%. 38 LAs would be impacted by the gains cap of 8.6%.

### 4.3 Overall impacts

A much larger proportion of funding is allocated to the 3- and 4-year-old entitlement than 2-year-old entitlement, as many more children in total are eligible for the 3- and 4-year-old entitlements, while the 2-year-old entitlement provides for 15 hours for eligible children. As a result, changes to EYNFF rates have a larger impact on local authorities' overall allocations than changes in 2-year-old rates.

The biggest driver of changes in funding levels across both formulae is the update to the underlying data, given the number of years that has passed since the data was last updated and therefore the changes in relative need between areas which have occurred over that time. Within the EYNFF, it is updating the valuations data in the area cost

adjustment that causes the biggest change, with further shifts in funding levels being driven by the subsequent move from the NRCA to the NIPRCA. For the 2-year-old formula it is also the addition of a proxy for premises related costs (using valuations data) which is driving the biggest changes.

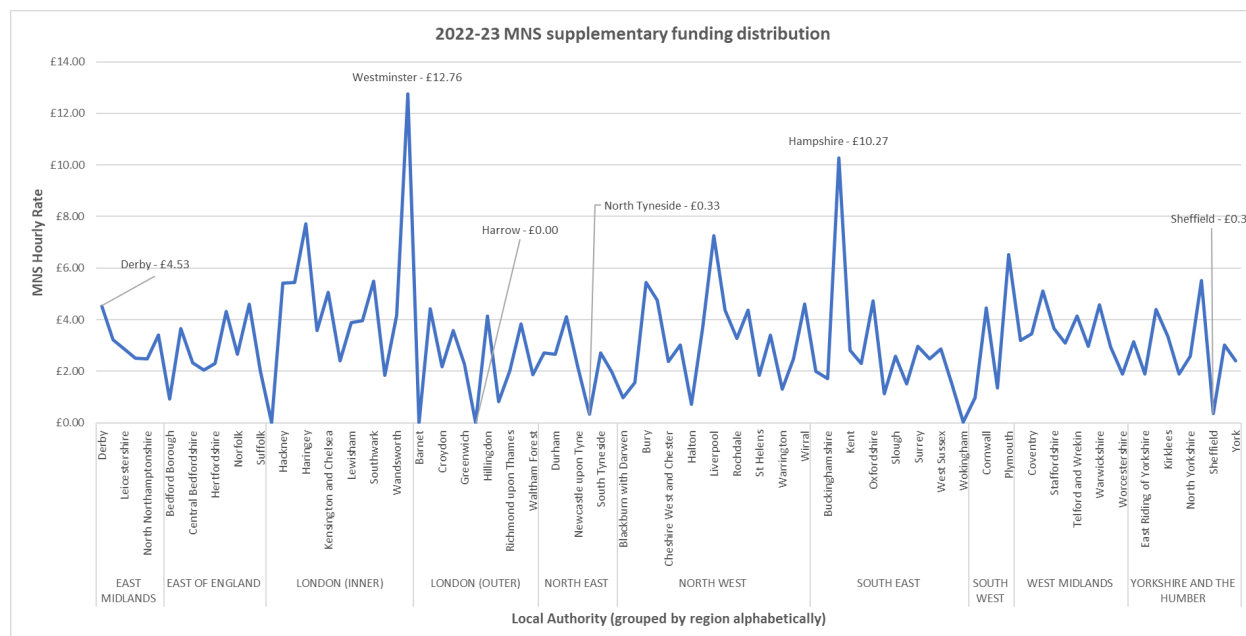
## 5. Reform of maintained nursery school (MNS) supplementary funding

In this section we set out proposals to reform maintained nursery school supplementary funding to correct some of the most extreme outliers in the current distribution and to put all local authorities with maintained nurseries schools on a more even footing.

Maintained nursery schools (MNS) have a well-deserved reputation for providing high quality early years education and childcare, and they make a valuable contribution to improving the lives of some of our most disadvantaged children. Their status as schools means they must have a head teacher, governing body, a SEN coordinator (SENCO) and at least one qualified teacher, which means they face higher costs than other EY providers.

We provide local authorities with additional funding for maintained nursery schools, and we remain committed to continuing this support to maintained nursery schools.

Since the introduction of the EYNFF, local authorities have received supplementary funding for maintained nursery schools on top of their EYNFF allocation, to protect their MNS funding at their 2016-17 level for the universal 15 hours. This supplementary funding is based purely on the amount each LA was spending on its MNSs in 2016-2017, which means that funding is very unevenly distributed with significant outliers at either end of the funding spectrum as the chart below illustrates.



We are therefore proposing to reform the way in which supplementary funding is distributed to local authorities to correct the most extreme outliers, including those local authorities which currently do not attract any supplementary funding for their MNSs.

To facilitate this, we are investing an additional £10m into MNS supplementary funding from 2023-24 to ensure that the vast majority of local authorities see their supplementary funding hourly rate increase, with a more generous increase for the lowest funded.

## **5.1 MNS minimum funding floor**

We are proposing to introduce a minimum funding floor for the MNS supplementary funding hourly rate. For 2023-24 our current illustrative modelling suggests that we could set this minimum funding floor at c£3.80. This means that all local authorities would attract a minimum of c£3.80 per hour on top of their EYNFF allocation for universal 15 hours delivered in maintained nursery schools. We will confirm the final level for the minimum hourly rate following the outcome of this consultation, when we publish 2023-24 funding rates in autumn 2022. We anticipate that over half of all LAs with MNSs will benefit from this minimum funding floor.

## **5.2 MNS funding cap**

We are also proposing to introduce a cap on the MNS supplementary funding hourly rate. We propose to set that cap at £10 per hour for universal 15 hours delivered in maintained nursery schools. This means that no local authority can attract more than £10 per hour on top of their EYNFF allocation for universal 15 hours delivered in MNSs. There are two local authorities, Westminster and Hampshire, which currently receive supplementary funding above that level and so for 2023-24 will have their funding rate capped.

The accompanying modelling published alongside this consultation document sets out in more detail the illustrative impact of these proposed changes on local authorities' MNS funding rates in 2023-24.

## **5.3 Teachers' pay and pensions grants for MNSs**

Although we intend to roll the majority of the early years element of the teachers' pay and pensions grants into the EYNFF, for maintained nursery schools we propose to retain their share of the money (c. £8m of the total £60m) and allocate it through supplementary funding. This is because for MNSs this grant represents a greater proportion of their overall funding. For school-based nurseries, by comparison, the early years element of the TPPG will not represent a significant portion of the schools' overall funding. School-based nurseries can also often benefit from cross-subsidisation from the funding the school receives through the schools NFF, but MNSs do not have this option and they are also unlikely to benefit from the same economies of scale as nurseries based within schools.

We therefore propose to use the existing MNS supplementary funding system to continue to target the MNS portion of the funding. We are proposing to calculate an indicative hourly rate for the amount of funding MNSs in each LA receive through the teachers' pay and pensions grants in 2022-23 and then increase each LA's MNS supplementary funding rate by that in 2023-24. We will do this before applying the MNS minimum funding floor and the cap. Further details are set out in the accompanying modelling and technical note.

**Question 12: Do you agree with our proposal to introduce a minimum hourly funding rate and a cap on the hourly funding rate for MNS supplementary funding?**

**Question 13: Do you agree with our proposed approach to rolling the teachers' pay and pensions grants into MNS supplementary funding?**

## 6. Equalities Impact Assessment

The Public Sector Equality Duty requires public authorities to have due regard to the need to:

- eliminate discrimination, harassment and victimisation;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

Public authorities include the Department for Education, local authorities, governing bodies.

The protected characteristics are:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual Orientation

Our proposed reforms mean that the formulae will better reflect need across the country, which has an overall positive impact on equalities, and we do not anticipate any significant negative impacts on any groups that share particular protected characteristics.

Updating the data behind the additional needs factor in the EYNFF will positively impact children with special educational needs and disability, as Disability Living Allowance (DLA) is used as a proxy measure. The data update will mean that the distribution of funding better reflects current need.

There may also be a positive impact to certain ethnicities with greater proportions of children attracting funding through the additional needs factor of the EYNFF. There is evidence that certain ethnic groups, (including Irish Traveller, Gypsy and Roma, and white and black Caribbean) are disproportionately represented in the number of children eligible for free school meals (FSM). Both FSM and English as an additional language (EAL) are used as proxies in the additional needs factor.

Our proposals to reform and increase investment in MNS supplementary funding will likely have a positive impact on disabled children, as MNS generally care for a higher proportion of children with SEND.

Our proposed year-to-year protections will safeguard local authorities that would otherwise see a reduction in funding. Some of the local authorities that would otherwise see a reduction under the reform proposals have higher levels of ethnic diversity, and so our proposal to include protections will help to mitigate any potential negative impact.

Updating the underlying data for the 2-year-old formula, which targets the most disadvantaged children, means that we will better reflect current levels of need across the country. This will have a positive impact on children with disability, and some evidence also suggests a positive impact on certain ethnicities.

**Question 14: Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics? Where any negative impacts have been identified, do you know how these might be mitigated?**

**Question 15: Are there any other comments that you would like to make about our proposed reforms?**



Department  
for Education

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Department  
for Education

# Early Years Funding Formulae and Maintained Nursery School Funding Reforms

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Outline of proposed update and reforms for  
consultation

For local authorities

July 2022

Appendix

# Structure of session

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## Agenda

- EYNFF (3-4-year-old entitlement) proposals and impacts
- 2-year-old-formula proposals and impacts
- MNS Supplementary funding Timelines

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- Questions in chat bar
- Vote on questions to help consolidate
- We will stop to cover questions through the presentation
- Slides will be distributed following the session.



# We have launched the first consultation on EY funding distribution since 2017

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- We have invested over **£3.5 billion** in each of the past three years on our early education entitlements.
- Given the scale, and importance of this investment, it is vital that we ensure the funding system remains **fair, effective and responsive to changing levels of need** across different areas, targeting the government's investment where it will do most good.
- The Department uses two national funding formulae to determine hourly rates for the 2, and 3- & 4-year-old entitlements. Many of the datasets underpinning the formulae that measure relative local costs are **not using the most recent data available**.

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We are consulting on proposals to **update both formulae with the most recent data** for 2023-24 – and to continue doing that, each year, going forward. Does not include any proposals for changes to LA funding formulae or local funding rules.

- The update will result in some changes to local authorities' funding levels, reflecting changes in relative costs and levels of need between areas, so we are also consulting on applying **year to year protections** to LA's funding rates, to help local markets to better manage changes.
- Last year's SR settlement provides the certainty to make updates and allows us to offer protections which means that in 2023-24 **all LAs will see an increase in the government's hourly rate and the average uplift to the hourly rate that local authorities will see is likely to be above 3%**
- We are also investing an **additional £10 million** into MNS supplementary funding from 2023-24, and our proposed reforms ensure a **fairer distribution** of this funding.

# The Early Years National Funding Formula

- The EYNFF sets a single Government funding rate for each LA for both the **3 and 4yo entitlements** (universal and 30 hours).



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- The EYNFF was designed to allocate funding to reflect the costs of providing childcare that meets the needs of children in a local area, and features:
  - a universal base rate (UBR) of funding for each child (89.5% of funding);
  - an uplift for children with additional needs (10.5% of funding). This comprises of the following proxy measures: Free School Meals (FSM) - 8%, English as an Additional Language (EAL) – 1.5%, and Disability Living Allowance (DLA) - 1%; and
  - an area cost adjustment to reflect variations in costs across the country. This acts as a multiplier to each authority's hourly rate as calculated through the Base Rate and Additional Needs Factor, and is made up of a staff factor (80%), a premises factor (10%) and the remaining 10% of costs are assumed fixed.

# Updating the base rate and additional needs factors

## Summary

- Base rate has remained the same since introduction in 2017.
- Between 2017-18 and 2019-20: rates remained the same for LAs not protected by protections (which unwound over this period).

Since 2020-21: LAs have received fixed pence uplifts to their hourly rates.

- In 2023-24 we are proposing to return to using the formula which means that the base rate will be updated.

## Additional needs factor updates and amends

- We are proposing to update all three proxy measures with the most current data available (summarised below).
- We will also be making changes to the cuts of the data for FSM and EAL to better align with other entitlements and ensure the latest data available is used.

Data	Currently used	Modelling	Final rates
FSM	Jan 2016	Jan 2021	Jan 2022
EAL	Jan 2016	Jan 2021	Jan 2022
DLA	Aug 2015	Feb 2020	Feb 2021

## Consultation question(s)

**Question 1:** Do you agree with our proposal to update the underlying data in the additional needs factor in the EYNFF?

**Question 2:** Do you agree with our proposal to move to using the free school meals headline measure?

**Question 3:** Do you agree with our proposal to update the way in which the Disability Living Allowance data is used?

# Updates and amendments to the area cost adjustment

**Staffing factor** – uses general labour market (GLM) data to reflect staff costs (weighted 80%).

- Currently use data from 2013-14, which is still the most recent available.

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Going forward we propose to update this underlying data when it becomes available.

- Proposing to make a technical amendment to improve the way the GLM data is calculated in London fringe LAs.

**Premises factor** – uses Nursery Rates Cost Adjustment to reflect premises costs (weighted 10%).

- Update the underlying data which is currently from 2013-14, to data from 2022, (2021 data in the modelling).
- Propose some improvements to the proxy measure:
  - *Smoothing the data* – average the previous 3 years data to reduce volatility.
  - *A metre-squared approach* – rather than only taking account of absolute rateable values, we propose to use the floor area of each setting in an LA, which should better take into account the size of a setting and hence better reflect costs.
  - *Nursery Infant Primary Rates Cost Adjustment* – rather than only using private nursery sector rateable values data, we propose to include schools rateable values to better recognise the cost of childcare across an authority.

## Consultation question(s)

**Question 4:** Do you agree with our proposal to update the underlying data used in the area cost adjustment in the EYNFF, in particular the rateable values data and the GLM data, when available?

**Question 5:** Do you agree with our proposed amendments to the proxy measure for premises related costs in the EYNFF, including introducing schools rateable values data?

# Mainstreaming the teachers pay and pensions grants

## Context

Since 2018, school-based nurseries and maintained nursery schools have received the Teachers' Pay Grant (TPG) and since 2019 they have also received the Teachers' Pension Employer Contribution Grant (TPECG) to support schools and LAs with the 2018 and 2019 teachers' pay awards and the cost of the 2019 increase in employer contributions to the teachers' pension scheme.

## Proposals

- From the 2023-24 financial year we are proposing to mainstream the early years elements of this funding, bringing early years in line with schools and high needs. This will streamline the system to make it easier for institutions to manage their finances.
- To limit the extent of the changes in distribution of the grant, we propose to include each local authorities' indicative 2022-23 teachers' pay and pensions grants funding within the baseline against which we apply protections for 2023-24.
- For maintained nursery schools we propose to separate their share of the grants and allocate it through supplementary funding.

## *Consultation question(s)*

**Question 6:** Do you agree with our proposed approach to mainstreaming the early years element of the teachers' pay and pensions grants?

**Question 7:** Do you agree with our proposal to update the operational guide to encourage local authorities to take account of additional pressures that some providers might face using the existing quality supplement?

# EYNFF illustrative impacts and protections for 2023-24

Our proposals will see funding levels shift between areas as funding is better matched to current levels of need.

Updating the valuations data in the area cost adjustment causes the biggest change in funding rates, with further shifts in funding levels being driven by the move from the NRCA to the NIPRCA.

We are consulting on **three key aspects** of protections policy to help smooth the return to using the formula:

## Minimum funding floor

- Page 23
- Tops up LAs whose formula driven rates are below the minimum we determine.
- For 2023-24 we are proposing to increase the minimum funding floor in the EYNFF in line with the national average rate increase.
  - 31 LAs would be uplifted to the minimum funding floor.

## Year-to-year protections

- New year-to-year protection to ensure local authorities can manage the changes at a local level
- For 2023-24, we propose to set this at +1% meaning all LAs see at least a 1% increase in their rates compared to 2022-23.
- 49 LAs would be protected by the +1 year-to-year protection.

## Gains cap

- To pay for the proposed year-to-year protections, we propose to introduce a cap on the gains that any local authority can see.
- Our illustrative modelling suggests a cap of 4.5% in 2023-24
- 43 LAs would be affected by the gains cap.

### **Consultation question(s)**

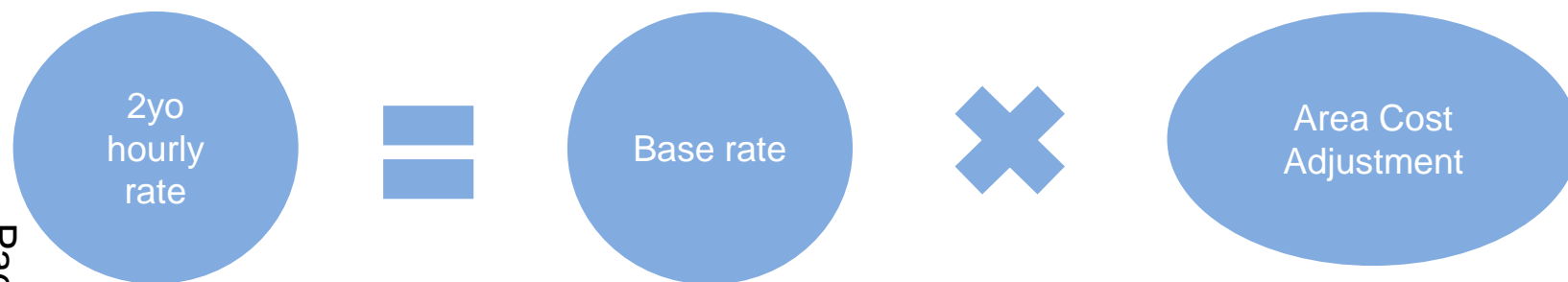
**Question 10\***: Do you agree with our proposed approach to protections in the EYNFF for 2023-24?



# The 2 year old entitlement funding formula

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- Funding for the 2 year old entitlement is distributed via its own funding formula. The 2 year old rates for each LA are calculated as:



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- The ACA is currently only made up of a staffing factor using GLM data (83%), with the remainder of costs assumed to be fixed (17%).
- The 2-year old formula is already directed at the most disadvantaged group, therefore it wasn't necessary to include a proxy for an 'additional needs' factor in the formula.

# The 2 year old entitlement funding formula: Proposed reforms for 2023-24

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## Updating base rate

- The base rate has not been updated since 2015-16.
- We plan to return to using the formula (rather than fixed pence uplifts used in previous years) which will mean we need to recalculate the base rate.

## Area cost adjustment

- We are proposing to update the underlying data behind the staffing factor, and introduce a premises factor for the first time. The weightings will mirror those in the EYNFF.

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### Staffing factor

- The staff factor uses general labour market data (GLM).
- The formula uses data from 2011-12, so we propose to update the data to use the 2013-14 data, in line with the EYNFF. Going forward we propose to update this underlying data when it becomes available

### Premises factor

- We are proposing to amend the area cost adjustment for the 2-year-old formula to include a **premises related proxy** for the first time.
- This would bring the formula in line with the EYNFF, as settings offering the 2-year-old entitlement face the same premises costs as those catering for older children, and this will better reflect their costs.
- We propose to take the same approach to this measure as we take for the EYNFF. We are also proposing to adjust the weighting of the ACA to bring it in line with the EYNFF.

# 2-year-old funding formula illustrative impacts and protections for 2023-24

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Our proposals will see funding levels shift between areas as funding is better matched to current levels of need.

The addition of a proxy for premises related costs (using valuations data) causes the biggest change in funding rates.

We are consulting on **two key aspects** of protections policy to help smooth the return to using the formula:

## Year-to-year protections

Ensures that all LAs see at least a 1% increase in their rates compared to 22-23.

24 LAs would be protected by the +1 year-to-year protection

## Gains cap

Caps increases in rate to 8.6% compared to 22-23 to fund year to year protections.

38 LAs would be affected by the gains cap.

We are not proposing to introduce one a minimum funding floor for the 2-year-old formula as there is less variation seen funding rates across the country, compared with the variation in the EYNFF.

## *Consultation question(s)*

**Question 8:** Do you agree with our proposal to update the underlying data in the area cost adjustment in the 2-year-old formula?

**Question 9:** Do you agree with our proposal to introduce a proxy for premises related costs into the 2-year-old formula?

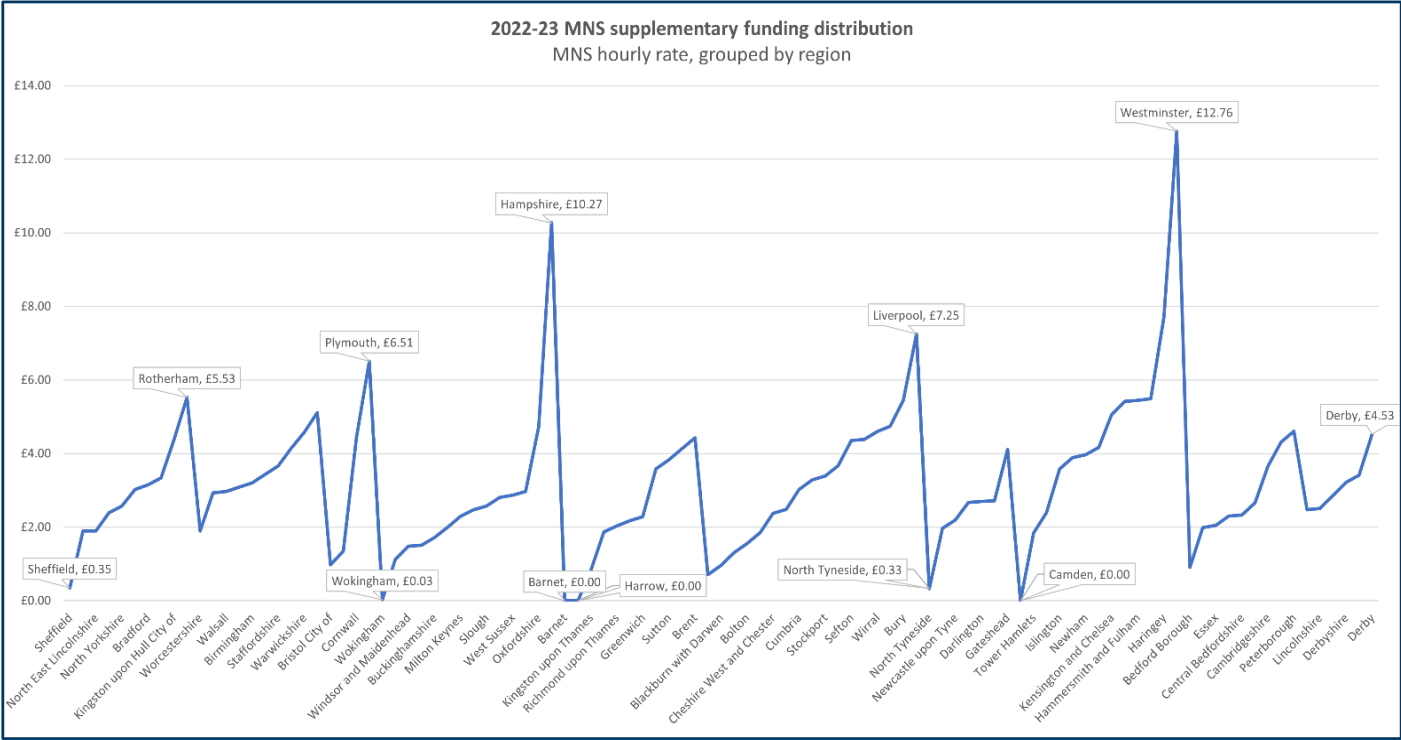
**Question 11:** Do you agree with our proposed approach to protections in the 2- year-old formula for 2023-24?

# MNS Supplementary Funding

- Maintained nursery school supplementary funding was introduced in 2017-18 (alongside the introduction of the EYNFF) to protect LAs' historic levels of spend on MNS and recognises the additional costs they face with being a school.
- This supplementary funding is based purely on the amount each LA was spending on its MNSs in 2016-2017, which means that funding is very unevenly distributed with significant outliers at either end of the funding spectrum.

## 2022-23 MNS Supplementary Funding Hourly Rates

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# Reform to MNS Supplementary Funding

We are proposing to **reform the way in which supplementary funding is distributed** to local authorities to correct the most extreme outliers, including those LAs which currently do not attract any supplementary funding for their MNSs.

To facilitate this, we are investing **an additional £10m into MNS supplementary funding from 2023-24.**

We are proposing to:

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Introduce a **minimum of ~£3.80** per MNS hour to uplift the lowest funded LAs.

Introduce a **cap of £10** per MNS hour to start to bring down the current highest funded LAs.

We are also proposing to roll the MNS element of the teachers' pay and pensions grants into supplementary funding.

- Of the 101 local authorities which have MNSs, over half will benefit from the minimum funding floor, including the 3 which currently receive no supplementary funding for their MNSs (Barnet, Camden, Harrow)
- Only 2 local authorities, Westminster and Hampshire, will have their funding capped

## ***Consultation question(s)***

**Question 12:** Do you agree with our proposal to introduce a minimum hourly funding rate and a cap on the hourly funding rate for MNS supplementary funding?

**Question 13:** Do you agree with our proposed approach to rolling the teachers' pay and pensions grants into MNS supplementary funding?

# Timeline

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**4 July 2022**

**16 September 2022**

**Autumn 2022**

EY funding formulae  
consultation launch

Consultation closes

Government response and  
announcement of 2023-24 rates

**Link to consultation** (including consultation documents):

<https://www.gov.uk/government/consultations/early-years-funding-formulae>

**If you have further questions, please email:**

[EYNFF.consultation@education.gov.uk](mailto:EYNFF.consultation@education.gov.uk)



## **North Northamptonshire Council**

### **Early Years**

### **SEN Inclusion Fund (SENIF) Guidance**

### **2022-2023**

This guide contains information about the SEN Inclusion Fund for Early Years Childcare providers in North Northamptonshire.

Funding is available for children in receipt of either 2-year-old funding or 3- and 4-year-old universal and 30 hours funding who have low level or emerging special educational needs.

## **Guidance Notes for Early Years SEN Inclusion Fund (SENIF) 2022-2023**

### **What is SENIF?**

SENIF is the inclusion fund all Local Authorities must utilise to support children in Early Years settings with low level and emerging needs. Every authority receives this fund as part of the annual allocation of funding for 3 and 4 year old funded children to support those who have needs above the universal needs but below severe and complex high needs.

In North Northamptonshire we recognise the need to support all children with low level and emerging needs at the earliest opportunity. Therefore, SENIF funding is extended to children in receipt of 2 year old funding as well as those in receipt of Universal 3 and 4 year old funding and 30 hours funding.

### **What is the purpose of SENIF?**

This fund is available to ensure the **inclusion** of all children, taking up a funded place, either as part of a group intervention, the child has low level needs, or the child has low level **and** emerging needs in a Childcare Setting.

### **SENIF is for:**

- 2-year-old funded children who have low level and/or emerging needs
- 3- and 4-year-olds funded children who have lower level or emerging needs

**SENIF applications that are submitted with information deemed to fall under universal care such as help toileting, assistance with lunch and break sessions, learning routines etc are not eligible for SENIF and should be undertaken by the setting as part of a child's learning**

### **Who can apply?**

All OFSTED Registered, OFSTED awarded Good or Outstanding settings who are registered to offer and deliver funded places.

**Please note that this funding is not available for children who attend a reception class or for children who have an EHCP.**

You **must** get consent from the Parent or Carer to apply for Early Years SENIF

### **Funding Options**

The level of funding will be based on the individual needs of the child and will be time limited. A new online application form must be submitted for every funding block the child(ren) is in attendance.

**Please ensure you liaise with relevant professionals, the SEND Support Service (SSS) and the Sensory Impairment Service (SIS) for non-specialist equipment and resources before submitting**



**your application form. Applications with missing information will not be seen at panel possibly delaying payment to the setting.**

Funding can be requested for the following:

### **1. Specific/Specialist Equipment**

This would enable the setting to purchase specific equipment to support the child's access to play and learning opportunities. For example, wedges for children with physical needs.

Please ensure your application contains prices, quotes and/or invoices if you have already purchased the item(s). **Any requests must be recommended in writing by the appropriate health professional, usually an occupational therapist, and must include costs. Any purchased equipment must move with the child as they transition through their learning journey.**

### **2. Adaptations to the environment**

This would enable the setting to fund small adaptations to the physical environment to enable access for the child, for example, grab rails, ramps etc. Please ensure your application contains prices, quotes and/or invoices if you have already carried out the adaptations. **Any requests must be recommended in writing by the appropriate health professional, usually an occupational therapist, and must include costs.**

### **3. Adult Support**

- To buy in external expertise such as a trainer or consultant to support the child(ren) by upskilling the employed workforce in the setting
- Adult support is available to enable key persons to carry out targeted activities. It is important to note that the funding **is not** to provide continuous one to one support for individual children, but to enable all children to have access to an appropriate curriculum meeting individual needs and targets in the Early Years Foundation Stage (EYFS)
- If training cannot be accessed at an alternative time, or there is insufficient staff to cover, SENIF could be utilized to pay for bank staff to enable staff to participate in the training required to support a child/group of children's specific needs. However, this can prove expensive and should only be used when absolutely necessary and we would not expect to see a repeat application for staff to attend training of this kind as any future children who present with similar needs would have skilled staff within the setting to support them.
- **SENIF funding is for children with low level and emerging needs.** Children with low level and emerging needs would not require such a high level of support such as a one-to-one staff member and therefore it is not included in the SENIF award. We cannot award any funding to pay for staff salaries. The funding isn't to ensure there is another member of staff present if a child needs extra

support. It is more to pay for a tangible support, such as, a member of staff needs training in a certain area so they can support a child in a specific way.

- For example, during small group times you may want to allocate one person to lead the group and a second person to support the children in accessing the group, the funding may support you in having enough staff to do this.
- Specialist or one-off training e.g., Signing training course, understanding Autism or Down Syndrome.

#### 4. Group Funding

This type of funding will be available for small groups\* of children with low level and/or low-level emerging needs. Childcare Providers will be able to apply for this type of funding to support children through small intervention groups and to access Training courses to upskill Early Years Practitioners.

*\*a group is deemed 3 or more children attending at the same time for the same session/intervention*

#### Early Years SEND Thresholds of Needs Framework

This is the key document you need to use before deciding which type of funding and level of support you will be applying for. The document can be found at the end of this guidance and on our website.

#### What is the SENIF process?

SENIF funding is set out into 3 bands of support:

Band A-SENIF Group Funding	Band B – SENIF Individual Application	Band C- SENIF Individual Application
<b>Up to</b> £500 per child per Funding Block	<b>Up to</b> £1000 per child per Funding Block	Lower level – <b>Up to</b> £1500 Higher Level – <b>Up to</b> £3,300 per child’s year*
<b>Maximum number of applications – 3 per child in their funding year**</b>		

*\*A child’s year is the year in which they become eligible to start a funded place. For example, a child who turns 3 years old in March would be eligible to begin their funding from 1<sup>st</sup> April. The child’s year starts 1<sup>st</sup> April*

*\*\*A child who attends two settings will be dealt with on a case by case basis. Two settings could claim SENIF funding to support the child, however the settings must work together to best support the needs of the child. Any application that appears to be duplicate will be declined\*\**

**The funding amounts provided are the maximum amount that a child could be eligible for. If the application/evidence/quotes/costs etc total less than the maximum amount of funding for that Band, the funding will be for the amount requested and not the full amount.**

#### Band A – SENIF Group Funding

Band A funding is for 3 or more children attending the same group or session where the children require the same level of support and intervention. This could be a speech and language session or a specific learning session etc.

The application will require information regarding each individual child needs and abilities clearly listed on the form. Any application with child information missing will be declined.

### **Band B – SENIF Individual Application**

Band B funding is for individual children with low level special educational needs who require a short-term intervention to support their progress along the Early Years Foundation Stage (EYFS)

The application requires the following information to be included:

- Name of setting and person applying and job role
- Name and details of child
- Needs and concerns of each individual child
- What 'plan of action' have you put in place to assist the child to progress
- What are you intending to spend the funding on and how this will link in with the 'plan of action'?
- Provide evidence of the training, the resources, the purchase, including full costs, any invoices/quotes etc to support your application including links to websites for specific items

### **Band C – SENIF Individual Application**

Band C funding is for individual children with low level and emerging special educational needs who require an intervention to support their special educational needs to progress along the Early Years Foundation Stage (EYFS)

The application requires the following information to be included:

- Name of setting and person applying and job role
- Name and details of child
- Needs and concerns of each individual child
- What 'plan of action' have you put in place to assist the child to progress
- What are you intending to spend the funding on and how this will link in with the 'plan of action'?
- Provide evidence of the training, the resources, the purchase, including full costs, any invoices/quotes etc to support your application including links to websites for specific items

### **How do I apply?**

Applications form can be found on our website under Information for Providers – Childcare Funding Guide for Providers.

There will be an online form specifically for Band A and one specifically for Bands B and C

You must include an accurate fully completed Early Years Portage Developmental (no older than 3 months) Profile and any further evidence of other assessments you may

have carried out (e.g., **Observation Checkpoints from the EYFS, Speech and Language Monitoring Tool, Early Years Social Communication Difficulties/ASD Checklist** etc.)

You must ensure that all requested information and evidence is included with the application form. Applications that do not have the relevant information/evidence will be returned to sender and not heard at panel.

If information/details/evidence is missed, a new application will need to be completed along with the missing information. Applications with missing details will be deleted.

### **What happens once I have submitted my application?**

Each application will be logged, and accuracy checked before panel meets. If the application misses the deadline for submissions, this will be carried over to the following month.

Any applications missing information will immediately be declined and will not be presented to panel.

The new panel currently meet monthly however from April 2023 the new panel will meet weekly with payments being made along side the monthly Headcount payments.

Settings will be informed of the outcome of applications within 5 working days of the decision being made.

<b>Panel Meeting Date</b>	<b>Deadline for Applications</b>
4 <sup>th</sup> October	30 <sup>th</sup> September
2 <sup>nd</sup> November	27 <sup>th</sup> October
1 <sup>st</sup> December	28 <sup>th</sup> November
9 <sup>th</sup> January	4 <sup>th</sup> January
2 <sup>nd</sup> February	27 <sup>th</sup> January
7 <sup>th</sup> March	2 <sup>nd</sup> March

### **Declined applications**

It is very important that the application is completed fully and accurately, indicating the following:

- Name of setting and person applying and job role
- Name and details of child
- Needs and concerns of each individual child
- What 'plan of action' have you put in place to assist the child to progress
- What are you intending to spend the funding on and how this will link in with the 'plan of action'?

- Provide evidence of the training, the resources, the purchase, including full costs, any invoices/quotes etc to support your application including links to websites for specific items

**Incomplete or inaccurate applications will be returned to the sender without being presented at panel.**

To help you in planning your application, listed below are some points that will not be accepted at panel. Funding will **not** be awarded:

- for 1 to 1 staffing cost/staff salaries for individual children
- to subsidise funded places or to offset an existing deficit
- where insufficient explanation has been given as to how the funding would be used e.g., request for funding for a small group but with no explanation as to what this would achieve/progress outcomes
- where inclusion is not the primary purpose of the application
- where funding is requested retrospectively
- where the child is not in attendance at your setting or on your Headcount Return
- for non-specialised resources that should be part of your general provision
- for activities that should form part of your universal provision

**Will SENIF be monitored?**

The monitoring of the use of the SENIF funding will take place each Funding Block and will consist of an advisory visit (virtual or face to face) from an Early Years Advisor or SEND Support Service Advisor (SSS Advisor) where the child's progress and continuation of funding will be discussed.

SENIF will also be included in the Funding Audit currently undertaken.

**What if I am unhappy with the decision made?**

If you have any queries regarding the outcome of your application or the process, please contact the service directly at [inclusionfund@northnorthants.gov.uk](mailto:inclusionfund@northnorthants.gov.uk)

**Where can I get further information?**

There is an FAQ document that has been created to answer some of the frequently asked questions we have received over the last couple of weeks. This is a live document with new questions being added as often as we receive them. If you have a question or a comment, please email us at [inclusionfund@northnorthants.gov.uk](mailto:inclusionfund@northnorthants.gov.uk)

## Appendix 1

If resources are being requested for the first time, please ensure that you have had a discussion with a professional (with agreement from other professionals – e.g. Early Years Advisors, SEND Support Service (SSS), OTs, EPs, Physiotherapists etc.)

Resources that you can purchase	Area of need
<p><b>Sensory Toy Warehouse</b></p> <p>Sensory toy warehouse provides a range of different sensory toys and ideas (e.g., ear defenders, chew toys, fidget toys, wobble cushions)</p> <p><a href="https://www.sensorytoywarehouse.com/">https://www.sensorytoywarehouse.com/</a></p>	<p>Autism</p> <p>Sensory processing</p> <p>Behaviour</p> <p>Attention</p> <p>Developmental delay</p> <p>Physical needs</p> <p>Hearing impaired</p> <p>Visually impaired</p>
<p><b>Sensory Direct</b></p> <p>Sensory direct provide a selection of different sensory toys</p> <p><a href="https://www.sensorydirect.com/sense.html?gclid=EAlaIQobChMI5ZSOrabo4QIV75PtCh1R_gTrEAAyAAEgI34_D_BwE">https://www.sensorydirect.com/sense.html?gclid=EAlaIQobChMI5ZSOrabo4QIV75PtCh1R_gTrEAAyAAEgI34_D_BwE</a></p>	<p>Autism</p> <p>Sensory processing</p> <p>Behaviour</p> <p>Attention</p> <p>Developmental delay</p> <p>Physical needs</p> <p>Hearing impaired</p> <p>Visually impaired</p>
<p><b>Sense Toys</b></p> <p>Sense toys provide a selection of different resources and sensory toys</p> <p><a href="https://www.sensetoys.com/">https://www.sensetoys.com/</a></p>	<p>Autism</p> <p>Sensory processing</p> <p>Behaviour</p> <p>Attention</p> <p>Developmental delay</p> <p>Physical needs</p> <p>Hearing impaired</p> <p>Visually impaired</p>
<p><b>Amazon</b></p> <p>Amazon have a range of different toys and resources (e.g., key ring with signs, timers)</p> <p><a href="https://www.amazon.co.uk">https://www.amazon.co.uk</a></p>	<p>Autism</p> <p>Sensory processing</p> <p>Behaviour</p> <p>Attention</p> <p>Developmental delay</p> <p>Physical needs</p> <p>Hearing impaired</p> <p>Visually impaired</p>
<p><b>Sensory Education</b></p> <p>Sensory education have a variety of different resources and toys.</p> <p><a href="https://www.cheapdisabilityaids.co.uk">https://www.cheapdisabilityaids.co.uk</a></p>	<p>Autism</p> <p>Sensory processing</p> <p>Behaviour</p> <p>Attention</p> <p>Developmental delay</p> <p>Physical needs</p> <p>Hearing impaired</p> <p>Visually impaired</p>

Useful website and downloadable tools	Area of need
<p><b>Widgit</b></p> <p>Supporting communication and reading for young learners. Downloadable software that supports symbol labelling, visual timetables, and educational materials.</p> <p><a href="https://www.widgit.com/sectors/education/early-years.htm">https://www.widgit.com/sectors/education/early-years.htm</a></p>	<p>Autism Sensory processing Behaviour Attention Developmental delay Physical needs Hearing impaired Visually impaired</p>
<p><b>Do2learn</b></p> <p>Variety of different free downloadable visuals</p> <p><a href="http://do2learn.com/picturecards/VisualSchedules/index.htm">http://do2learn.com/picturecards/VisualSchedules/index.htm</a></p>	<p>Autism Sensory processing Behaviour Attention Developmental delay Physical needs Hearing impaired Visually impaired</p>
<p><b>National Autistic Society (NAS)</b></p> <p>The NAS offer a range of support and advice for professionals supporting children with Autism (e.g., in- house training, virtual training etc.)</p> <p><a href="https://www.autism.org.uk/about/strategies/visual-supports.aspx">https://www.autism.org.uk/about/strategies/visual-supports.aspx</a></p>	<p>Autism Sensory processing Attention Behaviour</p>
<p><b>Autism Education Trust</b></p> <p>Downloadable tool that enables you to rate your practice and setting in how you support children with autism. The toolbox is also full of additional resources. These are free to download. (e.g., in-house training, virtual training etc.)</p> <p><a href="https://www.autismeducationtrust.org.uk/resources/early-years-resources/">https://www.autismeducationtrust.org.uk/resources/early-years-resources/</a></p>	<p>Autism Behaviour Sensory processing Attention</p>
<p><b>Downs Syndrome Association</b></p> <p>The downs syndrome association offers advice and support for professionals supporting children with Downs Syndrome.</p> <p><a href="https://www.downs-syndrome.org.uk/for-professionals">https://www.downs-syndrome.org.uk/for-professionals</a></p>	<p>Downs Syndrome Developmental delay</p>
<p><b>Twinkl</b></p> <p>Twinkl offers a range of different resources for supporting children with SEN.</p>	<p>Autism Sensory processing Behaviour Attention Developmental delay Physical needs</p>

<p><a href="https://www.twinkl.co.uk/resources/specialeducationalneeds-sen/specialeducationalneeds-sen-social-emotional-and-mental-health-difficulties/specialeducationalneeds-sen-social-emotional-and-mental-health-difficulties-visual-timetables-and-routine/3">https://www.twinkl.co.uk/resources/specialeducationalneeds-sen/specialeducationalneeds-sen-social-emotional-and-mental-health-difficulties/specialeducationalneeds-sen-social-emotional-and-mental-health-difficulties-visual-timetables-and-routine/3</a></p>	<p>Hearing impaired Visually impaired</p>
<p><b>Signalong</b></p> <p>Access to training and resources to support staff in meeting children’s individual needs</p> <p><a href="https://signalong.org.uk/">https://signalong.org.uk/</a></p>	<p>Autism Sensory processing Speech delay Behaviour Attention Developmental delay Hearing impaired</p>



## Appendix 2

### Stages of Accessing the Enhanced SEN Inclusion Fund

1. Concerns raised about a child within the setting
2. Contact the SEND Support Service (SSS) to discuss the child's needs and strategies
3. Introduce and IEP/SEN support plan and review at least once (assess, plan, do review cycle for at least 6 weeks)
4. If the child is not making sufficient progress, complete the online application form for Early Years SENIF with support from your Early Years Advisory or SSS Advisor
5. Submit the online form for Early Years SENIF ensuring you include any supporting documentation

Page 249 If the application is successful, funding will be released. Please note that you will have to reapply the following Funding Block should you wish for the funding to be continue

Page 249 If application is unsuccessful, continue to support child (assess, plan, do, review cycle) with support from your Early Years Advisor and/or SSS Advisor (if required) and re-apply the following Funding Block, if the child is still not making sufficient progress

### **Appendix 3**

#### **Stages of Accessing the Group SEN Inclusion Fund**

1. Concerns raised about a child within the setting
  2. The child is not making significant progress in some of the prime areas
  3. The child's needs are lower level or emerging and you have decided to include them in an intervention group
  4. The online Early Years SENIF - Group Funding application form is submitted
  5. Child accesses the planned intervention group for the funding block
- The setting reviews the progress the child has made with their Early Years Advisor and/or SSS Advisor completing the online monitoring form together
- The funding continues for an additional funding block if the child has not made sufficient progress or stops if the child no longer needs the additional support

## Appendix 4

### Examples of Needs and Supporting Criteria

Personal, Social and Emotional Development Criteria	Examples of types of evidence
<p>The persistence and intensity of a child’s difficulties has a significant impact on the child, peers, and practitioners within setting:</p> <ul style="list-style-type: none"> <li>these difficulties could be demonstrated either as withdrawn, anxious or challenging behaviours which would indicate underlying emotional/social concerns or communication difficulties</li> </ul> <p>child requires daily targeted and planned intervention to develop aspects of their personal, social, and emotional development, such as making relationships, behaviour, self-control and self-care, communication for language and communication for thinking</p> <p>safety of the child who is unaware of danger or self-harms, or who is a danger to other children</p> <ul style="list-style-type: none"> <li>child may have a vision/hearing impairment or a diagnosed developmental condition which impacts on the development of social relationships, self- confidence, and awareness</li> </ul>	<p><b>Evidence from:</b></p> <ul style="list-style-type: none"> <li>parents on entry to setting</li> <li>previous setting</li> <li>current observations</li> <li>individual planning</li> <li>planning review</li> <li>risk assessment</li> </ul> <p><b>Reports from:</b></p> <ul style="list-style-type: none"> <li>Paediatrician</li> <li>Speech and Language Therapist</li> <li>Send Support Service Advisor</li> <li>Health Visitor</li> <li>Social Care Services</li> <li>Sensory Impairment Service</li> </ul>
<p><b>Review request</b></p> <p>Ensure there is a clear cycle of review involving child, parents, staff, and other professionals as appropriate.</p>	<p>Evidence of planning, monitoring, assessment, and evaluation cycles to support and extend personal, social, and emotional aspects of development and learning</p>

<b>Language and Communication Criteria</b>	<b>Examples of types of evidence</b>
<p>The child may have a vision/hearing impairment which impacts on the development of communication and language:</p> <ul style="list-style-type: none"> <li>• understanding of language – child does not understand or has a very limited understanding of spoken words in their home language</li> <li>• child may be reliant on other non-verbal cues to interpret messages, or struggle to understand these cues</li> <li>• child has significant difficulties in listening and attending, and/or not recognise the social overtures of others</li> <li>• expressive language - child cannot verbalise to make his/hers needs known. A close relationship with an adult need to be formed to anticipate needs, to pick up on non-verbal communication and to facilitate understanding, friendships, and access to the curriculum</li> <li>• child needs to be explicitly taught specific communication strategies, for example, PECS, Makaton Colourful Semantics</li> <li>• child may display highly distressed behaviour arising from a significant lack of comprehension</li> </ul>	<p><b>Evidence from:</b></p> <ul style="list-style-type: none"> <li>• parents on entry to setting</li> <li>• previous setting</li> <li>• current observations</li> <li>• individual planning</li> <li>• planning review</li> <li>• risk assessment</li> </ul> <p><b>Reports from:</b></p> <ul style="list-style-type: none"> <li>• Paediatrician</li> <li>• Speech and Language Therapist</li> <li>• Send Support Service Advisor</li> <li>• Health Visitor</li> <li>• Social Care Services</li> <li>• Sensory Impairment Service</li> </ul>
<p><b>Review request</b> Ensure there is a clear cycle of review involving child, parents, staff, and other professionals as appropriate.</p>	<p>Evidence of planning, monitoring, assessment, and evaluation cycles to support and extend language and communication aspects of development and learning</p>

Physical Development Criteria	Examples of types of evidence
<p>The child may have physical disabilities affecting some or all limbs which have been diagnosed by a paediatrician or physiotherapist:</p> <ul style="list-style-type: none"> <li>• child has a physical need which necessitates the use of additional equipment and adult intervention to support their positioning, transfers, and mobility</li> <li>• daily intervention programmes prescribed by a professional, e.g., physiotherapy or occupational therapy, speech therapy to maintain and extend health, wellbeing, and physical skills</li> <li>• Interventions required to support a child’s medical needs</li> <li>• Intervention necessary for child’s self-care needs, e.g., eating, drinking, dressing, toileting, and positioning</li> <li>• Intervention required to support the child’s access to the curriculum, develop independence and to facilitate relationships with peers</li> <li>• additional resources/equipment required to support child’s basic needs or access, for example, specialist seating, ramps</li> </ul>	<p><b>Evidence from:</b></p> <ul style="list-style-type: none"> <li>• parents on entry to setting</li> <li>• previous setting</li> <li>• current observations</li> <li>• individual planning</li> <li>• planning reviews</li> <li>• risk assessment</li> <li>• health care plan</li> </ul> <p><b>Reports from:</b></p> <ul style="list-style-type: none"> <li>• Paediatrician</li> <li>• Physiotherapist</li> <li>• Occupational Therapist</li> <li>• Dietician</li> <li>• Speech and Language Therapist</li> <li>• Community nurse</li> <li>• Send Support Service Advisor</li> <li>• Health Visitor</li> <li>• Social Care Services</li> <li>• Sensory Impairment Service</li> </ul>
<p><b>Review request</b> Ensure there is a clear cycle of review involving child, parents/carers, staff, and other professionals as appropriate.</p>	<p>Evidence of planning, monitoring, assessment, and evaluation cycles to support and extend physical aspects of development and learning</p>

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**Department for Education**  
**Early Years Funding Formulae Consultation Webinars**  
**13 and 14 July 2022**  
**Q&A**  
**For Local Authorities**

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## **Funding and Funding Rates**

**Q. Will the 23-24 increase be applied to LAs who haven't received an uplift on the 3- and 4-year-old entitlement in the last few years?**

**A.** Yes, we propose to remove the current loss cap and apply the same protections to all LAs - so those LAs who had previously been on the loss cap will see their funding rate increase in 2023-24.

**Q. Will the increase in funding rates be enough to meet cost pressures, including the increase in the National Living Wage?**

**And**

**Q. Will there be any consideration to increasing funding for 2023/24 given the significant inflationary cost pressures (well above 3%) that early years providers are facing, particularly in relation to pay, energy and food?**

**Answer to both.** We recognise this is a challenging time for the sector. We have a quantum for 2023/24 that was agreed with the Treasury at Spending Review 2021 - we announced that we are investing additional funding for the early years entitlements worth £160m in 2022-23, £180m in 2023-24 and £170m in 2024-25, compared to the 2021-22 financial year. This is for local authorities to increase hourly rates paid to childcare providers for the government's free childcare entitlement offers and this investment reflects cost pressures and changes in the number of eligible children anticipated at the time of the SR.

It is important to note that the number of children is forecast to decrease across this period. This is driven by ONS data, which projects a decrease in the 0 – 4-year-old population of around 5% from mid-2022 to mid-2025; this is key information that needs to be taken into consideration in order to provide an accurate picture of what the funding settlement means.

The proposals in the consultation don't have any impact on the overall investment already announced. We are working within that same quantum. The reforms are about distributing that funding in the fairest way possible. Given current pressures it is important that we press ahead now.

We expect to announce the early years funding rates for local authorities for 2023-24 next autumn in the normal way (and the following autumn for 2024-25).

**Q. Would you agree that the significant numbers of LAs receiving the minimum funding indicates that the EYNFF formula is underfunded? This also affects the LAs that are capped to pay for the protection.**

**A.** The EYNFF produces a "true funding rate" for each authority for the - & 4-year-old entitlement – we then propose to top up this funding rate out of the same pot of funding, to bring every LA up to the minimum funding floor.



**Q. Will you ensure the 2's rate is to be higher than the universal/extended for 3/4's?**

**A.** Our illustrative modelling for 2023-24 rates shows that all LAs true/formula-driven hourly funding rates for 2-year-olds are higher than their 3- and 4-year-old hourly funding rate. It is the addition of protections that sees 7 LAs 3- and 4-year-old rate increase above their 2-year-old rate.

**Q. If you have a 3-year SR settlement, why aren't LA's given longer term rates (i.e., more than 1 year at a time)?**

**A.** ONS data projects a decrease in the 0 – 4-year-old population of around 5% from mid-2022 to mid-2025; this is key information that needs to be taken into consideration in order to provide an accurate picture of what the funding settlement means.

Shifting future demographics therefore make it unrealistic to calculate hourly funding rates more than one year in advance.

**Q. Schools got a supplementary grant to cover the additional ERNIC cost from April. Is there any grant for EYs?**

**A.** At SR21, the government confirmed it would compensate public sector organisations for the employer costs associated with the Health and Social Care Levy.

This is not available to private early years providers, however, at SR21 the government also announced significant levels of additional funding for the early years entitlements worth £160m in 2022-23, £180m in 2023-24 and £170m in 2024-25, compared to the 2021-22 financial year. This reflects cost pressures and changes in the number of eligible children anticipated at the time of the SR.

The Government has announced a freeze to the business rates multiplier in 2022-23. This will support all ratepayers, including early years businesses, ahead of the revaluation in 2023, and is a tax cut worth £4.6 billion to business over the next 5 years.

**Q. A London question -- boundaries are very close, there is no incentive for providers to set up in lower funded LA, when just on the same road they can attract much higher funding.**

**A.** The Early Years National Funding Formula (EYNFF) has been designed to allocate our record investment in early years entitlement funding fairly and transparently across the country. The proposed updates to the formulae will help to ensure funding rates reflect current needs, which vary from authority to authority.

**Q. Is the London Living Wage used for LAs in London please?**

A. No.

**Q. Are there plans to review the income threshold for 2YO entitlement eligibility which hasn't changed since 2014 and means families who would previously have qualified are falling out of eligibility? Clearly there's a funding implication if/when this is rectified.**

A. This consultation is about the distribution of the entitlements funding. We are not consulting on the eligibility criteria for the entitlements, and so there are no proposals included here which relate to changes to eligibility.

**Q. When will final funding rates for 2023-24 be confirmed?**

A. We will confirm final LA hourly funding rates for 2023-24 as soon as we can in the autumn, following the outcome of the consultation.

### **EYNFF - Base Rate**

**Q. How was the base rate within the EYNFF designed?**

A. The universal base rate is designed to fund the core costs of childcare provision which do not vary by local area. 89.5% of the total funding for three- and four-year olds is channelled through this base rate. As set out in our 2016 consultation, ahead of the introduction of the EYNFF, this approach was informed by the Cost of Childcare Review. We believe that this approach continues to be appropriate to ensure sufficient basic funding for each child, while also ensuring adequate levels of funding are channelled to those with additional needs.

The base rate has not been updated since the formula was introduced in 2017. Between 2017-18 and 2019-20, local authorities protected by transitional protections saw those protections unwind, whilst rates remained the same for other local authorities. Since 2020-21, we have provided local authorities with fixed pence uplifts to their hourly rates, rather than using the formula to calculate an updated rate. In 2023-24 we are proposing to return to using the formula which means that the base rate will be updated.

### **Additional Needs Factors**

**Q. What age cohort do you use for DLA measure?**

A. The proposal is to use 3- and 4-year-old children who are entitled to DLA to construct the revised measure.

**Q. Can we have a bit more information on rates (NNDR). How exactly is**

**this calculated?**

**A.** We currently use rateable values data for PVI as a proxy for premises related costs within the ACA. The data we use is provided by the Valuation Office Agency (VOA). The consultation proposes the inclusion of Infant and Primary school rateable values as provided by the VOA. The technical document accompanying the consultation sets out how these are calculated within the formula. The accompanying step by step modelling published alongside the consultation has an 'ACA' tab which also provides further details.

**Q. How will you measure EAL?**

**A.** EAL is based on a proxy measure based on data collected for primary age school pupils. Page 10 of the technical note provides further information about this factor and a link to the statistical publication that includes the data used for this measure.

**Q. Is all of the increase for 2YO driven through the ACA? Table indicates least deprived LAs receive biggest gain, and most deprived are on floor.**

**A.** At the Spending Review 2021 we announced that we are investing additional funding for the early years entitlements worth £160m in 2022-23, £180m in 2023-24 and £170m in 2024-25, compared to the 2021-22 financial year. This additional funding has driven the increase in all LAs 2-year-old hourly funding rates. The proposed changes to the ACA in the 2-year-old formula (inclusion of premises costs and changes to the weightings) cause greater geographical variation in hourly rates however, this is to ensure the funding is distributed fairly across the country.

**Q. Has the Department completed analysis on the difference between using 0-5 years DLA claimants compared with the proposal to use number of - & 4-year-olds eligible? If so, is it more or less?**

**A.** The method for determining how much funding is distributed through the DLA factor has not changed – it remains at 1% of the total allocation total. The proposed change relates to how this funding is allocated to local authorities and we are proposing to use an eligibility rather than a take-up based measure and an age range that is more closely aligned with the age group who benefit from the 3- and 4-year-old childcare entitlements.

**Q. Why Jan data when all Schools DSG data is October and you're using school pupil data?**

**A.** The EY census is carried out at the same time as the schools census in January to reflect that this is the 'mid point' of the EY academic year and the fairest point at which to measure attendance.

**Q. Does using the schools FSM data to include part time nursery children give the best picture for this EYE funding - would using FSM**

**from school and the EYPP in the PVI numbers provide a more accurate value?**

**A.** We use a proxy measure based on FSM data for older cohorts of children as there is no comprehensive FSM data available for children across all early years' settings. We use an eligibility-based measure for FSM, that has very similar eligibility criteria to EYPP, as this reduces the risk of introducing any bias that may be present in take up based measures due to differences in the propensity of parents to take up their entitlement.

**Q. Why is the number of children with SEND (as returned in the annual EY Census) not being used to inform the rate for Additional Needs in addition to DLA? This would give a more accurate year on year picture.**

**A.** The additional needs uplift in the EYNFF is intended to reflect the costs of providing the entitlements to disadvantaged children, as well as children with SEND. We consider that using the proxy measures of Free School Meals, English as an Additional Language and Disability Living Allowance affords the most appropriate spread across both those needs.

**Q. The Schools National Funding Formula recognises rural sparsity, however the EYNFF has no recognition of this. Are there any plans to review this position?**

**A.** Rurality or sparsity is already a discretionary supplement which local authorities may, in line with published guidance ([here](#)), use to benefit providers serving rural areas less likely to benefit from economies of scale.

**Q. What is the source of the population data used?**

**A.** Details of the data used across the three formulae (EYNFF, 2YO and MNS) can be found in the consultation document and in Annex A of the technical note published on <https://consult.education.gov.uk/funding-policy-unit/early-years-funding-formulae-2022/>

### **Area Cost Adjustment - Staffing**

**Q. Can you explain why 13-14 staffing data is still the most recent available?**

**And**

**Q. The increase in cost of living is relevant now - it wasn't so relevant in 2013-14. The sector has huge issues around recruitment if a staff base rate that isn't up to date is used, this will impact on recruitment and retention. a change in a year or 2 could be too late for some settings.**

**Answer to both.** The government fully understands the challenges that

currently face businesses – including nurseries and other early years providers. We continue to engage with sector stakeholders and local authorities to monitor dynamics with local markets, parents' access to the government's entitlements and the childcare they require, and the sustainability of the sector.

DLUHC published updated 2021 GLM data on 29 March 2022. However, we are not using these figures for the 2023-24 National Funding Formulae and are instead continuing to use the previously available GLM data for 2013-14. The method of compiling the recent GLM data was different compared to the 2013-14 figures, and there has not been sufficient time to make the new data compatible with the existing ACA methodology in the NFFs. We aim to use the new GLM data in the NFFs for 2024-25.

**Q. Staffing costs is collected by Coram through the childcare survey each year- could that not be used as a measure rather than data from 2013-2014?**

**A.** We are committed to ensuring that all our formulas are using the best available data. This means not only the latest data but also data where we can be confident in its quality, completeness, and continued collection. Therefore, our preferred approach is to use data published by government departments.

**Q. If 83% is based on the staffing costs are you expecting there to be a large jump in the base rate once the more up to date data is available? How will this work if the next 3 years funding has already been announced?**

**A.** All else being equal, the base rate will increase if the new data shows a reduction in the geographical variation in the general labour market (GLM) cost adjustment measure (current range for the GLM relative measure: 1 to 1.3) and vice versa if the new data shows an increase in geographical variation. See the 'ACA' sheet within the step-by-step spreadsheet for more detail on how staffing cost data is used in the calculation of the area cost adjustment (ACA) factor.

**Q. Would this not be a great opportunity for DfE to review staffing costs to ensure the rates reflect staffing, inflation and increased business costs? Why wait for DLUHC? Seems the key to getting this right with ratio, children being truly educated and aid recruitment.**

**A.** We propose to keep the current GLM measure as we believe it is still the best proxy for staff related costs. The variation in staffing costs currently carry an 80% weighting within the area cost adjustment, compared to a 10 % weighting for premises costs. This reflects the broad split in provider costs that we have seen consistently across research.

**Q. Where 2YOs are in schools, the staffing cost of delivery is higher -**

### **how will this be taken into account?**

**A.** For most LAs, 2yo funding rates reflect the higher costs of delivering the entitlement compared to the 3&4 year old offer.

### **Area Cost Adjustment - Premises**

#### **Q. How will you collect the floor area of each setting?**

**A.** The Value Office Agency (VOA) collect the floor area data and share this with DFE at an aggregate level for each local authority for schools and PVI's separately.

#### **Q. Will you include outdoor space? Some deliver forest provision outside.**

**A.** The floor area data used to construct the infant and primary schools' rates cost adjustment (IPRCA) measure in the illustrative modelling is predominantly based on the gross internal area (GIA) of the school buildings, but the data does include a small proportion of outdoor space, e.g., tarmac sports surfaces and 3G playing surfaces etc. We will be continuing to work with VOA to refine our use of school and nursery rateable valuation and floor space data.

#### **Q. The business rates were subsidised during covid so what affect will this have on the premises factor?**

**A.** We use rateable values data, rather than business rates bills, and so the business rates holiday which the government provided during Covid does not have any impact.

#### **Q. If the premises factor is based on the rateable value of nursery premises, how would this work for childminders?**

**A.** The rateable values data provided by the VOA does not include childminders. This has always been the case, and so our proposed changes to the ACA do not affect this.

### **Teachers Pay and Pension Grants**

#### **Q. If we are distributing the Teachers Pay and Pension Grants as a supplement will the % we can distribute as supplements increase from the current 10% or will the Teachers Pay and Pension grants be outside of the 10%?**

**A.** Any distribution of the rolled in TPPG grant would fall under the current rules around local supplements. We are not proposing to change any of the

local funding rules, which includes the 10% cap on supplements. There is a question on the consultation about this proposal, so we welcome views there.

**Q. Are LAs expected to only pay the rolled in teachers' pay and pensions funding to teacher led provision, or could this be rolled out across the entire sector including PVI's?**

**A.** The proposal is to amend the operational guidance on the quality supplement to "encourage LAs to consider using this supplement to take account of additional pressures that some providers might face, from, for example, the need to pay employer contributions to the teachers' pension scheme". This could therefore include cost pressures faced by PVI's in relation to Qualified teaching staff, as well as within maintained nurseries.

**Q. Can you share details of the initial rationale for TPPG?**

**A.** Since 2018, school-based nurseries and maintained nursery schools have received the Teachers' Pay Grant (TPG) and since 2019 they have also received the Teachers' Pension Employer Contribution Grant (TPECG), in addition to their free entitlements funding. These grants were introduced to provide support to schools with respect to the 2018 and 2019 teachers' pay awards, and to support schools and local authorities with the cost of the 2019 increase in employer contributions to the teachers' pension scheme.

**Q. Should LAs ringfence the amount of funding we receive that will replace the TPG and TPECG and pay as a quality supplement to the maintained schools only? Will this include Academies as well?**

**A.** We do not propose that the grant funding be ringfenced. The proposal is to encourage LAs to "consider using this supplement to take account of additional pressures that some providers might face, from, for example, the need to pay employer contributions to the teachers' pension scheme". This could therefore include cost pressures faced by PVI's in relation to Qualified teaching staff, as well as maintained nurseries.

**Q. How can we consult with Schools and Early Years settings on supplementary funding re TPPG when we won't know the outcome of the consultation late in the autumn term and we have to set budgets early in the new year?**

**A.** We recognise the need to confirm the outcome of the consultation, as well as the final funding rates for 2023-24 as quickly as possible.

**Q. How will the teachers pay and pensions grant be included in the hourly rates?**

**A.** From the 2023-24 financial year we are proposing to mainstream the early years elements of this funding, bringing early years in line with schools and high needs, to streamline the system to make it easier for institutions to manage their finances.

We propose to roll the majority of the money which is currently distributed through the teachers' pay and pensions grants into the overall quantum of the 3- and 4-year-old entitlements funding, and then we will use this new quantum in the updated formula to calculate local authority hourly rates for 2023-24.

To limit the extent of the changes in distribution of the grant, we propose to include each local authorities' indicative 2022-23 teachers' pay and pensions grants funding within the baseline against which we apply protections for 2023-24.

### **Protections**

**Q. So protection would only last for one year? for those who had cap on gains does that mean from 2024/25--they would get full gain?**

**A.** We are proposing protections for 2023-24, which will mean that all local authorities see their funding rates increase by at least 1% compared with their 2022-23 rate, with the majority expected to see greater funding rate increases.

We expect to announce the early years funding rates for local authorities for 2024-25 in autumn 2023, in the normal way. Any further protections to funding rates would also be confirmed at that stage.

**Q. Once there is no protection on the changes in rates for an LA - is there likely to be a reduction in the hourly rate that is passed onto settings by these LA's?**

**A.** Local authorities are responsible for setting individual provider funding rates in consultation with their providers and schools forum, and fund providers using their local funding formula.

We are proposing protections for 2023-24, which will mean that all local authorities see their funding rates increase by at least 1% compared with their 2022-23 rate, with the majority expected to see greater funding rate increases.

We expect to announce the early years funding rates for local authorities for 2024-25 in autumn 2023, in the normal way. Any further protections to funding rates would also be confirmed at that stage.

**Q. Is the intention to have the year-to-year protection and the gains cap in place each year or just for the next financial year? If it is each year, will the percentages used change or be the same each year?**

**A.** The illustrative rates and protections that are being consulted on are for 2023-24 only, and final arrangements for 2023-24 will be confirmed in Autumn



22 in the normal way. The hourly rates and any changes to protections for 2024-25 will be confirmed in Autumn 23.

### **MNS Specific**

**Q. Why is MNS supplementary funding only paid on the universal 15 hours? Why not on the additional 15 hours?**

**A.** Since the introduction of the EYNFF, local authorities have received supplementary funding for maintained nursery schools on top of their EYNFF allocation, to protect their MNS funding at their 2016-17 level for the universal 15 hours for three- and four-year-olds. This supplementary funding is based on the amount each LA was spending on its MNSs in 2016-2017.

This pre-dated the introduction of the additional 15 hour entitlements for working parents (30 hours).

**Q. It would be better if MNS supplementary funding was provided as a lump sum, rather than being tied to headcount. Is this something the DfE has considered?**

**A.** We are proposing reforms to the distribution of supplementary funding to correct the most extreme outliers. We are not proposing to change the way in which we distribute this funding i.e., we will continue to distribute supplementary funding as an hourly rate.

**Q. could this mean MNS get additional TPPG based on the hourly rate formula is a quality supplement applied and through the MNS?**

**A.** We propose to change local (non-statutory) funding guidance to LAs by updating the language in the operational guide regarding the quality supplement, which is one of the existing discretionary supplements that local authorities can choose to include in their local funding formula. We would encourage LAs to consider using this supplement to take account of additional pressures that some providers might face, from, for example, the need to pay employer contributions to the teachers' pension scheme.

We would encourage LAs to take account of the fact that the MNS element of this funding has been rolled into MNS supplementary funding when deciding how best to use the quality supplement.

**Q. Does this mean that MNS supplementary funding is now confirmed over the long term, rather than having to be reviewed each year?**

**A.** MNS supplementary funding is as secure, over the long term, as the other EY funding streams. As with all elements of the early years budget, arrangements for the financial years after this are subject to discussion at the next Spending Review.

**Q. Are there any plans to relieve maintained nurseries of paying business rates in line with maintained school?**

**A.** The hourly rate paid to local authorities for the early education entitlements is intended to reflect staff and non-staff costs including business rates. In addition, MNSs receive supplementary funding in recognition of their constitution as maintained schools and the additional costs this entails.

Business rates are charged on most non-domestic properties, including schools. Local authorities receive funding for business rates through the national funding formula, to meet the full costs of schools' business rates. The DfE introduced a streamlined process for National Non-Domestic Rates (NNDR) from April 2022 to reduce burdens on local authority maintained schools and academies. The new process involves ESFA making NNDR payments on behalf of its schools directly to billing authorities who have adopted the new NNDR payment process. The revised payment process currently remains optional for billing authorities to implement. Billing authorities adopting the new payment process submit rates claims and any in year adjustments for their schools using the new NNDR service. There are no changes for those billing authorities continuing with the existing process. MNS are not part of this process, and there are no plans to change this at this time.

**Q. As far as I am aware, the area cost adjustment has not been included in the MNS supplementary funding formula - is that something that could be reviewed?**

**A.** Since the introduction of the EYNFF, local authorities have received supplementary funding for maintained nursery schools on top of their EYNFF allocation, to protect their MNS funding at their 2016-17 level for the universal 15 hours for three- and four-year-olds. This supplementary funding is based on the amount each LA was spending on its MNSs in 2016-2017, and is not driven by a formula, which is why there is no area cost adjustment applied to this funding.

**Q. What are the criteria for the MNS supplementary funding?**

**A.** MNS supplementary funding was introduced alongside the EYNFF in 2017-18, to protect MNS' funding at their 2016-17 level for the universal 15 hours. Only LAs with open maintained nursery schools are eligible.

**Q. Does the MNS £3.80 floor rate include the TPPG allocation?**

**A.** Yes, that is correct. The 'MNS 2023-24' tab of the step-by-step tables published alongside the consultation can provide further detail on the order in which proposed reforms will be applied.

**Q. Does this mean that the two LAs whose funding will be reduced will receive £10?**

**A.** Yes that is correct - £10 per MNS hour for the universal 15 hours. We recognise that this may be a challenge but is still 2.5 times higher than the floor we have set. We are happy to continue discussions with the LAs in question.

**Q. This reduction in funding is quite significant for the two LAs being affected, so a gradual decrease in funding would need to be considered to enable these LAs to plan long term with the MNS. Could that be taken into consideration?**

**A.** We are proposing to introduce a cap which will impact the two highest funded local authorities for MNS supplementary funding, Westminster and Hampshire. Westminster currently receives an MNS supplementary funding hourly rate of £12.76 and Hampshire receive £10.27, which is significantly higher than most other LAs, given the average supplementary hourly funding rate is currently just over £3 and some LAs don't currently receive any supplementary funding for their MNSs. We are proposing to cap the hourly rate at £10, to start to correct the unevenness of the distribution without causing too significant a cut – as these two LAs will still receive an hourly rate of more than 2½ times the minimum.

However, we welcome feedback on our proposed reforms through responses to the consultation. We will confirm final arrangements for 2023-24 in the autumn, following the closure of the consultation.

### **Local Rules**

**Q. Will there be the expectation that we introduce premises to our formulas?**

**A.** No. We are not proposing to change local formula rules. Our consultation is focused on national formulae only.

**Q. As schools business rates are paid directly they do not need to cover this from their EY funding rate. If business rates for PVI are included in area cost adjustment it would be helpful to include an option to add a premises supplement so that a supplement could be paid to PVI for the business rates that they pay a % of from the EY funding that they receive.**

**A.** The early years national funding formula for the 3-4-year-old entitlements already includes a premises element. Consultation proposals include the introduction of a new premises element into the 2-year-old formula, in recognition of the costs faced by providers. We are not proposing to change local formula rules. Our consultation is focused on national formulae only.

## **Admin**

**Q. Would the EY Census be used or a termly information gathering to calculate?**

**A.** Local authorities will not be asked to provide any additional data as a result of any of the proposals in the consultation. The sources of data that will be used in the formula are set out in the accompanying technical note.

**Q. When will the outcome of the consultation be published?**

**A.** The consultation will close on 16 September. The Government response will be published shortly after, later in the Autumn.

**Q. Assuming yet another change in ministers in the DfE in September when we have a new PM what are the chances of this consultation being ignored by the new ministers and a different route taken?**

**A.** The consultation continues to be live and we will respond as planned in the autumn.

**Q. Who do we contact to discuss the 10% cap?**

**A.** There is a specific question related to this in the consultation. Any questions related to the consultation should be addressed to [eynff.consultation@education.gov.uk](mailto:eynff.consultation@education.gov.uk)

**Q. Where can we find the funding tables?**

**A.** The step-by-step tables which include illustrative rates for 2023-24 can be found using the following link: <https://consult.education.gov.uk/funding-policy-unit/early-years-funding-formulae-2022/>

# Agenda Item 13



North  
Northamptonshire  
Council

North Northamptonshire Schools Forum: 20 October 2022

## Agenda Item 13

### Proposed changes to North Northamptonshire's Scheme for Financing Schools 2023-24

#### 1. Background

- 1.1 At the July 2022 Schools Forum, members were informed that should the Council wish to make amendments to the Scheme for Financing Schools, all maintained schools will be consulted on any amendments or additions to the scheme.
- 1.2 The purpose of this report is to consult Schools Forum of the proposed changes to the content of the scheme for 2023/24 and for Schools Forum to agree for the scheme to go out to consultation with maintained schools.

#### 2. Proposed Changes to the Scheme for Financing Schools

- 2.1 The proposed changes below to the Scheme for Financing Schools will form part of this consultation with all maintained schools. This is to align maintained schools reporting with reporting back to North Northamptonshire Council's Executive.

#### Proposed Changes to Scheme for Financing Schools Consultation Questionnaire

#### North Northamptonshire Council propose to amend the current arrangements as below:-

1. **Provision of financial information and reports** - Requirement for schools to submit a Monthly Income and Expenditure Analysis and VAT reimbursement returns. If a return is missed the following month's funding will be withheld until the return is received.

Do you Agree / Disagree with the above proposal

Comments:-

2. **Submission of Financial Forecasts** - Requirement for schools to submit budget monitoring returns quarterly. If the budget monitoring returns are not received the funding will be withheld until the budget monitoring return is received.

Do you Agree / Disagree with the above proposal

Comments:-

## 2.2 Timeline

- **December 2022** Schools Forum meeting - Present findings of the consultation and make recommendations.
- **March 2023** Schools Forum meeting – Present updated Scheme for approval.
- **1<sup>st</sup> April 2023** – Revised Scheme for Financing Schools comes into effect.

## 3. Recommendations for Schools Forum

3.1 Schools Forum are asked to approve the questionnaire to be included in the budget consultation going out to all schools.

## 4. Next steps

4.1 The next steps depend on the feedback given by Schools Forum voting members (maintained Schools representatives only) at this meeting.

## 5. Financial implications

5.1 There are no financial implications arising this report.

## 6. Legal implications

6.1 The Scheme has been written using the Statutory guidance given by the Secretary of State pursuant to s.48 (4) and paragraph 2A(2) of Schedule 4 to the School Standards and Framework Act 1998, School Standards and Framework Act 1998.

## 7 Risks

7.1 Not reporting accurately and timely to Executive should these changes not be implemented.

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## High Needs Block Funding Allocation for Special and Unit Provision

The Forum is asked to note:

The overall allocation of placements in 2023/24 for pupils with high needs in special school and unit provision

### 1. High Needs Pupils

1.1 In line with the Special Educational Needs and Disabilities (SEND) reforms introduced in September 2014, the high needs funding system is designed to support a continuum of provision for pupils and students with special educational needs (SEN), learning difficulties and disabilities from their early years up to age 25.

1.2 High needs funding is intended to support the most appropriate provision for each individual, taking account of parental and student choices, providing appropriate provision in a range of settings. It is also intended to fund good quality alternative provision for pupils who cannot receive their education in school.

1.3 Along with other local authorities, the recent North Northants sufficiency report in August 2022 notes an increase in demand for special school places and children with SEND needs

1.4 Extensive work has been undertaken to review the current provision in North Northants, outlined in the sufficiency report, which identifies gaps in provision and sets out an action plan to:

realign SEND teams into localities to enhance a local schools led offer and **deploying High Needs top up funding** to support this

- repurposing existing spare capacity in mainstream schools to **develop specialist resource provisions**
- developing opportunities for **Alternative Curriculum Offer delivered by mainstream schools** Expanding existing special school provision
- establishing a new early help model for pupils with social and emotional mental health needs and developing an integrated graduated approach
- reducing reliance on the independent/non-maintained sector for specialist provision and redeploying financial resources into local provision

This work is ongoing.

## 2. Places to be Funded for 2023/24 in Unit Provision

School	DfE number	Primary/Secondary	No of commissioned placements 22-23	Additional places	No of vacant places	No of commissioned placements 23-24
Beanfield Studfall Infants	940 - 2030	Primary	54	4	0	55
Studfall Juniors	940-2021	Primary	13	6	0	19
Denfield Park	940-2020	Primary	19	5	0	24
Croyland	940-2206	Primary	14	0	0	14
Corby Business Academy	940/223 1	Primary	8 (from Sept 2022)	0	2	12
Kingswood Academy	940-6906	Secondary	77	0	0	75
	940-4013	Secondary	14	0	1	14

## 3. Places to be funded for 2023/4 in Special School provision

School	Current Numbers Sept 22	Numbers Jan 23	Numbers from Sept 23
Chelveston	57		87
Friars	144		144
Isebrook	252		252
Kingsley	163		164
Maplesfield	118		118
Red Kite	145		145
Rowan Gate	232		264
Rowan Gate (off site provision)		32	
Wren Spinney	105		105
<b>TOTAL</b>	<b>1216</b>	<b>1248</b>	<b>1278</b>

## 4. Current banding and formula funding arrangements

4.1 Funding for placements is currently based on a RAS banding formula for special schools and historic individual top up arrangements for unit provision. This is currently being reviewed and proposals will be presented at the next schools forum. In the meantime, funding will continue to be calculated in the same way as in previous years.



## 5. Meeting current and future needs

5.1 As was the case in previous years, in addition to the commissioned placements, there has been an increase in the number of pupils in mainstream, whose parents have indicated a preference for a special school placement. In this academic year this has contributed to 32 children who are without a special school placement. We are currently working with Rowangate special school and parents/carers to prepare these pupils through supported and tailored transition planning and facilitating joint planning between current and new schools, whilst putting in place a further four classes made up of 32 children, based on a mainstream school site, as a satellite of the Rowan Gate specialist provision.

It is expected that this provision will begin to become available in January 2023.

5.2 The newly developed decision-making groups for SEND specialist provision placements will ensure that all decisions to name mainstream schools are appropriate and that schools and academies are supported to provide for pupils with a range of SEN through the introduction of the SEND early help locality teams.

5.3 The lack of tiered provision (based on the current offer of 4 units across North Northants) is being addressed through the feasibility work currently underway for an additional 8 units.

### SEND FEASIBILITY STUDIES UNDERWAY FOR UNIT PROVISION

Setting	Specialism	Nursery	KS1	KS2	KS3,4	School Type
CORBY						
WELLINGBOROUGH						
Stanton Cross	Complex Learning		✓	✓		Academy
Oakway Academy	Complex Learning		✓	✓		Academy
Weavers Academy	Complex Learning				✓	Academy
Croyland	Complex Learning		✓			Maintained
Woolaston	Complex Learning			✓	✓	Neon Valley (25% west children)
EAST NORTHANTS						
Urthingborough Primary	Complex Learning		✓			Academy
KETTERING						
Montsaye	Complex Learning			✓	✓	Pathfinders
Hawthorn	Complex Learning		✓	✓		Pathfinders
Loatlands	Complex Learning		✓	✓		Pathfinders

5.4 An application for a free special school is currently underway.

5.5 The local authority is currently in the process of implementing the new mainstream early help offer to support the local offer in mainstream without the need for an EHCP.