



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 4th 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.

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