

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



Education & Skills  
Funding Agency

# 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.
- 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:

- 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