

**North Northamptonshire Schools Forum: 2<sup>nd</sup> November 2023**

**Agenda Item 8**

**2024-25 National Funding Formula (NFF) for Schools and High Needs**

**Appendices**

**Appendix A–Comparison of NFF funding factor rates in 2023-24 and 2024-25**

**1. Background**

1.1 This report sets out:

- Details of the National Funding Formula (NFF) 2024-25 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 On 17<sup>th</sup> July 2023 the Department for Education (DfE) published a policy paper on the National Funding Formula (NFF) 2024-25 for schools and high needs. However, this has been updated on 6<sup>th</sup> October 2023 following a significant technical error by the DfE which meant North Northamptonshire's Provisional NFF Schools Block allocation published in July 2023 at £285.728M was reduced by £2.599M to £283.129M in October 2023 for 2024-25. Details of the updated version can be found on [National funding formula for schools and high needs - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/1181112/nff-schools-block-2024-25.pdf)

2.2 In 2024-25, the total core schools budget is projected to exceed £59.6 billion, marking the highest per-pupil level ever in real terms, as assessed by the Institute for Fiscal Studies (IFS). This includes the extra funding allocated for teachers' salaries, which was announced in July 2023. The Teachers Pay Additional Grant (TPAG) contributes an additional £482.5 million for 2023-24 and £827.5 million for 2024-25 for mainstream, special, and alternative provision schools.

2.3 The Provisional Total NFF 2024-25 Allocation for NNC is £346.760 million and this is illustrated in the table below:

<b>Block</b>	<b>NNC Oct 2023 Provisional Allocation 2024-25</b>
Schools Block (Exc Growth)	£283,129,371
Central Schools Block	£3,066,026
High Needs Block	£60,564,715
<b>Total</b>	<b>£346,760,112</b>
Early Years Block	TBC

2.4 The main features of 2024-25 schools funding are as follows:

- a) National funding through the schools NFF is increasing by 1.9% per pupil on average overall in 2024-25 compared to 2023-24. The average increase is 1.96% for NNC schools.
- b) A formulaic approach to allocate split site funding. This ensures that split site funding will be provided on a consistent basis across the country. The factor will be made up of:
  - a "basic eligibility" element and
  - a "distance eligibility" element.

This will replace the current local authority-led approach. For 2024-25, school's split sites funding will be protected against losses which occur due to the introduction of the national split sites factor. This will be in the form of a one-off adjustment to the school's funding floor baseline, whereby a decrease in split sites funding is offset by an increase to the baseline. Conversely, to prevent overprotection for schools benefiting from an increase in split sites funding, an increase in split sites funding will be offset by a decrease in the baseline. These adjustments will only be made in 2024-25 when it is the formula changes which cause the change in split sites funding. Only Wrenn School is eligible for split site funding in 2024-25 and this will be built into NNC's APT for 2024-25.

- c) Rolling the 2023-24 mainstream schools additional grant (MSAG) into the NFF by:
  - i. adding an amount representing what schools receive through the grant into their baselines.
  - ii. adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
  - iii. uplifting the minimum per pupil values by the mainstream schools additional grant's basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants. The minimum per pupil levels in 2024-25 will be set at £4,610 per pupil for primary schools and £5,995 per pupil for secondary schools. This includes £143, £186, and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the mainstream schools additional grant.
- d) Increasing NFF factor values (on top of the amounts that has added for the mainstream schools additional grant) by:

- i. 1.4% to the following factors: basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity, and the lump sum.
  - ii. 1.4% to the minimum per pupil levels (MPPL)
  - iii. 1.6% to the free school meals (FSM) factor value
  - iv. 0% on the premises factors, except for:
    - Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and
    - split sites funding which has been formularised.
- e) The 2024-25 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline. Funding floor baselines have also been increased to take account of the rolling in of the mainstream schools additional grant.
- f) In 2024-25 growth funding will be calculated using the same methodology as previous year, based on the growth in pupil numbers between the October 2022 and October 2023 census. Growth allocations will be communicated to each local authority within their DSG settlement. Growth fund can only be used to support growth in pre-16 pupil numbers to meet basic need, support additional classes needed to meet the infant class size regulation and to meet the costs of new schools (these are new schools identified from the latest census data). More details of this will be presented in a separate report on Growth Funding.
- g) For the first time the DfE will allocate falling pupil roll funding in Schools Block to local authorities for falling rolls in 2024-25. Previously, all falling rolls fund spending was required to be met through a top slice from other Schools Block funding. Local authorities are required to follow the new NFF requirements for falling rolls funding, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction that schools must be judged Good or Outstanding at their last 8 Ofsted inspection to be eligible for funding is also being removed from 2024-25.
- h) Local authorities must set a MFG between 0% and +0.5% per pupil to protect schools from excessive year-on-year losses.
- 2.5 The DfE has announced a new Teacher Pay Grant (TPG) for primary and secondary schools and academies, beginning September 2023. This new TPG will continue as a separate grant in the 2024/25 financial year and will only be merged into the NFF in 2025/26. As in 2023-24, local authorities will only be allowed to use NFF factors in their local formulae and must use all NFF factors.
- 2.6 Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring the NFF.
- 2.7 As North Northamptonshire schools are already mirroring the NFF, North Northamptonshire schools are already compliant with this requirement.
- 2.8 Local authorities will again be able to transfer up to 0.5% of their total school's

block allocations to other blocks of the Dedicated Schools Grant (DSG), with school's 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 2024-25

- 3.1 In support of the policy proposals, notional school budget allocations calculated by the DfE have been published on [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114144/national_funding_formula_tables_for_schools_and_high_needs_2024_to_2025.pdf) to demonstrate the NFF for 2024-25.
- 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 ~~the~~ 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 has not been included within the published notional school budget allocations, plus inclusion and changes of the autumn 2023 census. School Forum approval in principle will be required in December 2023 meeting to enable 2024-25 school budget to be set once the DSG funding settlement is announced.
  - Falling pupil roll fund should Schools Forum wish to set up such a fund in line with the criteria set out by the DfE.
- 3.3 The local authority will be calculating school budgets for 2024-25 upon publication of the Authority Proforma Tool (APT) and Dedicated Schools Grant (DSG) funding settlement in December 2023 as in previous years after applying Schools Forum decisions. School Forum will be approving the final school budgets and APT in January 2024.
- 3.4 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 2023-24 rates were reported in January 2023 when Schools Forum approved the NNC's schools funding formulae. The 2024-25 NFF rates and the proposed 2024-25 NNC rates are detailed in Appendix A.

### 4. High Needs NFF 2024-25

- 4.1 Nationally the 2024-25 High Needs NFF allocation in 2024-25 reflects a 4.3% rise from the 2023-24 allocation. **The increase for NNC is 4.1%.**
- 4.2 In addition to the funding increase above, local authorities will continue to receive in 2024-25 a separate teachers' pay additional grant (TPAG) which they will have received for the period September 2023 to March 2024. The TPAG for 2024-25 will amount to an additional £85 million which will have to be passed on to eligible special and AP schools, to help with the costs of the 2023 teachers' pay increase. Further information on the £50 million TPAG for 2023-24 can be found at [teachers' pay additional grant for 2023 to 2024](#).
- 4.3 The structure of the High Needs NFF remains unchanged for 2024-25. This is to ensure stability for local authorities and providers.
- 4.4 The funding floor factor in the high needs NFF for 2024-25 is 3% per head of 2 to 18-year-old population, which means that every local authority will receive through the NFF at least 3% per head more than they received in 2023-24.
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- 4.5 This increase is not calculated on elements of the formula that are subject to later updates and is in proportion to estimated population changes (so a projected decrease in population will result in a lower overall cash percentage increase).
- 4.6 The limit on gains in the NFF is set at 5%, calculated based on per head of population and using the 2023-24 funding baseline. That funding baseline includes the additional funding allocations announced in December 2022, following the 2022 autumn statement. Full details of the NFF for 2024-25 can be found in the [provisional allocations](#) to local authorities published in July 2023.
- 4.7 The calculations have been updated with the latest formula factor data. Due to the COVID-19 pandemic there is no appropriate 2020-21 attainment data to use for the 2 low attainment factors. Therefore, 2019 data has been used in place of 2020 data and 2022 data has been used in place of 2021 data for the 2024-25 high needs allocations. This aligns with the approach taken in the schools NFF.
- 4.8 The high needs funding allocated to local authorities for 2024-25 takes into account that colleges offering extra hours of study to students with high needs may require additional funding. There is further guidance on the [additional hours requirement](#), which took effect from academic year 2022-23. Local authorities and colleges are expected to work together in deciding what constitutes an equivalent of additional time for a student with high needs, and/or with an EHC plan and to discuss the level of top-up funding to ensure that it is sufficient.
- 4.9 In the financial year 2024-25 maintained special schools and PRUs, special and AP academies (including free schools) and maintained and academy hospital schools will continue to receive a separate allocation equivalent to the additional funding allocations in 2023-24. These allocations gave maintained special schools and special academies 3.4% of their total place and top-up funding income and gave PRUs and AP academies and free schools 3.4% of their total income. As in 2023-24, the 2024-25 allocations of this funding will be paid directly by the local authority which maintains the school or (in the case of academies) previously maintained the school, or (in the case of special and AP free schools) in whose area the school is located.
- 4.10 Other than the requirement for local authorities to continue passing on this funding to certain schools and the TPAG, it is the top-up funding rather than the place funding that is intended to reflect changes in the cost of provision that schools and colleges will face. Schools and colleges should therefore discuss with their local authority the funding that they believe is necessary to make the provision that has been commissioned, taking into account expected levels of inflation and particular costs such as for energy and staff pay.
- 4.11 Any differential adjustments to the top-up funding bands or reorganisation of the top-up funding by local authorities will be subject to the special schools' MFG in the normal way. **The special schools' MFG to be operated by local authorities for 2024-25 must be at least 0% and the local authority should consider setting the minimum increase within a range of 0% to 0.5%.** This is equivalent to the MFG for mainstream schools. The local authority can set a higher percentage increase but must have a disapplication request approved to use a lower percentage. The additional funding allocations referred to above must be excluded from the MFG calculations. Further details can be found in [Annex 1: special schools](#)
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[minimum funding guarantee](#).

- 4.12 The remainder of local authorities' increased allocations of high needs funding can be used for other purposes, such as increases to top-up funding for mainstream schools (including those with SEN units or resourced provision), non-maintained special schools, FE colleges and SPIs, as well as funding for independent special school placements and SEND and AP services.

## **5 Central Schools Services Block (CSSB) NFF 2024-25**

- 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 The block will continue to comprise two distinct elements:

- a) ongoing responsibilities and
- b) historic commitments.

### **Ongoing Responsibilities**

- 5.3 The Ongoing Responsibilities of the CSSB is calculated using a simple per pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per pupil factor, and 10% of the funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools.

- 5.4 Local authorities will continue to be protected so that the maximum per pupil year on-year reduction in funding for ongoing responsibilities is at 2.5% as in the previous year, while the year-on-year gains cap will be set at the highest affordable rate, of 5.51%.

- 5.5 In addition, £5 million has been included nationally to cover the exceptional increase in copyright licence costs in 2023-24, as licenses were updated following the increased use of digital technology. This will be distributed in line with the increase in each local authority's charge for copyright licenses in 2023-24.

### **Historic Commitments**

- 5.6 In 2020-21 the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013-14 have started to reduce and have been unwinding since. This was in line with DfE's reforms to move to a fairer funding system, and to avoid maintaining significant differences in funding indefinitely between local authorities, which reflect historic decisions.

- 5.7 In 2024-25, for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2023-24 allocations, the same rate as in previous years.

- 5.8 DfE will also continue to protect any local authority 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. Local authorities in this position to contact the DfE. Further information on this process is included in the school funding operational guide.

- 5.9 Historic commitments are expected to unwind over time as contracts reach their end points. DfE retain the requirement in regulations that authorities spend no more on these commitments than they did in the previous year;

therefore, with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish.

## **6 Early Years National Funding Formula 2024-25**

- 6.1 The DFE issued a consultation on the 21<sup>st</sup> July 2023 which sets out proposals for the approach to the funding of the new and extended entitlements. The consultation focuses on the way funding for the entitlements for 2-year-olds and under will be distributed from the Department to local authorities from 2024-25.
- 6.2 On March 15, 2023, the Chancellor unveiled a phased introduction of new early entitlements as follows:
- Starting in April 2024, all eligible working parents of 2-year-olds will have access to 15 hours per week.
  - Commencing in September 2024, all eligible working parents of children aged 9 months to 3 years old can access 15 hours per week.
  - The Department for Education (DfE) has indicated that the "average rate" of funding for local authorities for the under 2-year-old entitlement will be £11 per hour in 2024/25.
  - From September 2025, all eligible working parents of children aged 9 months to 3 years old will have the option to access 30 hours per week.
- 6.3 The funding allocation methodology and the timetable is to remain the same, on the basis of using the 2024-25 spring term censuses. However, the DFE recognise the new entitlement for 2-year-olds does not start until April 2024, and consequently this cohort of children will not be captured in the 2024 spring term census. This will be reviewed further, and an update provided in the Autumn.
- 6.4 The DFE essentially proposes a new formula to calculate funding rates for children aged 9 months up to and including 2 years, regardless of which entitlement they are accessing (the existing 2-year-old disadvantaged entitlement, or the new entitlements). The rates themselves will vary by age, with higher rates for the younger age group reflecting the difference in costs, particularly due to differences in staffing ratio requirements. The structure of the formula will remain the same.
- 6.5 The DFE is proposing to introduce IDACI as a new proxy and use it alongside FSM as a basket of measures for deprivation in the additional needs factor in the new national funding formula for 9-month-olds to 2-year-olds.
- 6.6 The DFE are also proposing to extend DAF eligibility so that, from 2024-25, children accessing any of the entitlements (i.e., aged 9 months up to 4 years old) will be eligible for this funding if they are in receipt of DLA.
- 6.7 EYPP is also being consulted on to be extended to all children accessing the entitlements.
- 6.8 Illustrative modelling published as part of the consultation shows that the national average funding rate for 2-year-olds being £8.17. Rates range from £6.89 to £11.86. The illustrative funding rate for NNC is £7.72 per hour. Exact funding rates will be confirmed in autumn 2023.
- 6.9 The national average as per the consultation for 9-months to 2-year-old entitlement is £11.06. Rates for this age group range from £9.33 to £16.17.

The illustrative funding rate for NNC is £10.50 per hour. Exact funding rates will be confirmed in autumn 2023.

- 6.10 Information regarding the consultation can be found here:
- [Early years funding – extension of the entitlements \(education.gov.uk\)](#)
  - [2024 to 2025 Early years funding formula for 2-year-olds and under: technical note \(education.gov.uk\)](#)
- 6.11 The consultation closed on 8<sup>th</sup> September 2023.
- 6.12 The DFE will publish the government’s response and the final rates for 2024-25 as soon as possible in Autumn 2023.

## **7 Recommendations for Schools Forum**

- 7.1 Schools Forum is asked to note the proposed changes to the 2024-25 National Funding Formula (NFF) for Schools, High Needs, CSSB and Early Years.

## **8 Next steps**

- 8.1 A more detailed report of the proposed modelled option for NNC’s 2024-25 Mainstream Schools Funding Formula is explained on a separate agenda item.

## **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 2023. It is important to ensure decisions are made within the regulations set.

## **11 Risks**

- 11.1 This is an information paper to update Schools Forum on all matters relating to 2024-25 National Funding Formula. It is fundamental that Schools Forum members understand the basis of all calculations so that they can make an informed decision for North Northamptonshire’s schools.

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