



North Northamptonshire Schools Forum: 4 November 2021

Agenda Item 3

2022-23 National Funding Formula (NFF) for Schools and High Needs

1 Background

1.1 This report sets out:

- Details of the National Funding Formula (NFF) 2022-23 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 20 July an update on the policy paper of the National Funding Formula (NFF) 2022-23 for schools and high needs. Details can be found on [National Funding Formula for Schools and High Needs](#).

2.2 Nationally core school funding increased by £2.6bn in 2020-21, £4.8bn in 2021-22 and is increasing by £7.1bn in 2022-23 compared to 2019-20, including significant additional funding for children with special educational needs and disabilities. This is the final year of the three-year funding commitment by the Government.

2.3 The proposed changes for 2022-23 schools funding are as follows:

- a) School funding is increasing by 3.2% overall. The funding is based upon the pupils and cohorts core factors increasing within the formula by 3%, but ensuring every school is allocated at least 2% more funding per pupil.
- b) Sparsity factor in support of small schools and remote schools will increase to £55,000 for primary and £80,000 for all other schools. The calculation or accuracy of this is to identify schools' remoteness by using road distances instead of straight-line distances and using a new distance "taper". This means that schools whose sparsity distance is between 1.6 and 2 miles (for primary schools) or 2.4 and 3 miles (for secondary schools) will now attract some additional funding through the sparsity factor.
- c) Decreasing the funding lag for Free School Meals - Ever 6 (FSM6) deprivation funding factor by 9 months, from using the previous year's January census to the October census.
- d) For the low prior attainment (LPA) factor in the NFF, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) assessments have been used as a proxy for the 2020 assessments, following the cancellation of these

assessments due to the pandemic. This is consistent with how the LPA factor was calculated in local formulae in 2021-22.

- e) Eligibility for the mobility factor is usually determined based on the census in which pupils first appear at their current school. As a result of the cancellation of the May 2020 census, pupils who joined a school between January and May 2020 attract funding for mobility based on their entry date, rather than by virtue of the May school census being their first census at the current school.
- f) Centralising the business rates payment system for schools, so that ESFA will pay billing authorities directly on behalf of state funded schools.
- g) Local authorities will continue to set a minimum funding guarantee in local formulae, which in 2022-23 must be between +0.5% and +2%.
- h) Local authorities will 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.
- i) High needs funding increasing by 9.6% ensuring that every local authority will receive at least 8% increase per head of population, and up to 11% (capped at 11% on gains). This vital extra resource will continue to help local authorities manage their cost pressures in this area. North Northamptonshire Council is due to receive 8% in 2022-23.
- j) Technical changes to the historic spend factor within the high needs national funding formula was made. The factor has been updated to use 50% of local authorities' actual spend data in 2017-18 rather than their planned spend.

2.4 The slide deck of the DfE presentation on revenue funding policy and National Funding Formulae in 2022-23 is attached to this report.

2.5 A DfE consultation exercise of moving to the hard NFF was published at the start of summer with a closing date 30 September for the consultation. **2022-23 financial year will not be the hard NFF as originally planned.**

[Fair school funding for all: completing our reforms to the National Funding Formula \(education.gov.uk\)](https://www.gov.uk/government/consultations/fair-school-funding-for-all-completing-our-reforms-to-the-national-funding-formula)

[Fair school funding for all: completing our reforms to the National Funding Formula - Page 1 of 13 - Department for Education - Citizen Space](#)

3 Notional school budgets 2022-23

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: 2022 to 2023 - Impact of the schools NFF 2022 to 2023](#) to demonstrate the NFF and additional funding of 2% for 2022-23.

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 £0.7M – School Forum approval is required in a separate report on the agenda. Growth have **not** been included within the published notional school budget allocations, plus inclusion and changes of the autumn census 2021.
- NFF funding rates adjusted for Area Cost Adjustment

It should also be noted that the published allocation of school notional budgets 2022-23 is for **illustrative purposes** and not final school budgets 2022-23. The local authority will be calculating school budgets for 2022-23 upon publication of the Authority Proforma Tool (APT) and Dedicated Schools Grant (DSG) funding settlement in December 2021 as in previous years. School Forum will be approving the school budgets and APT in January 2022.

For transparency and reporting to School Forum, a comparison of funding factor rates and NFF rates is detailed in Table 1 below. The 2021-22 rates were reported in January 2021 when the School Forum approved the NNC formulae. The 2022-23 NFF rates and the proposed 2022-23 NNC rates is detailed below:

Table 1 – Comparison of NFF funding rates with NNC funding rates in 2021-22 and 2022-23

NFF Funding Factors	2021-22 NFF rates	2021-22 NNC rates ACA adjusted 1.00328	2022-23 NFF rates	Proposed 2022-23 NNC rates ACA adjusted 1.00329
AWPU-primary (R-Y6) per pupil	£3,123	£3,133	£3,217	£3,228
AWPU-secondary (KS3) per pupil	£4,404	£4,418	£4,536	£4,551
AWPU-secondary (KS4) per pupil	£4,963	£4,979	£5,112	£5,129
FSM (primary/secondary)	£460	£462	£470	£472
FSM6 (primary)	£575	£577	£590	£592
FSM6 (secondary)	£840	£843	£865	£868
IDACI A (primary)	£620	£622	£640	£642
IDACI B (primary)	£475	£477	£490	£492
IDACI C (primary)	£445	£446	£460	£462
IDACI D (primary)	£410	£411	£420	£421
IDACI E (primary)	£260	£261	£270	£271
IDACI F (primary)	£215	£216	£220	£221
IDACI A (secondary)	£865	£868	£890	£893
IDACI B (secondary)	£680	£682	£700	£702
IDACI C (secondary)	£630	£632	£650	£652
IDACI D (secondary)	£580	£582	£595	£597
IDACI E (secondary)	£415	£416	£425	£426
IDACI F (secondary)	£310	£311	£320	£321
Low prior attainment (primary)	£1,095	£1,099	£1,130	£1,134
Low prior attainment (secondary)	£1,660	£1,665	£1,710	£1,716
EAL (primary)	£550	£552	£565	£567
EAL (secondary)	£1,485	£1,490	£1,530	£1,535
Mobility (primary)	£900	£903	£925	£928
Mobility (secondary)	£1,290	£1,294	£1,330	£1,334
Lump sum (both sectors)	£117,800	£118,186	£121,300	£121,699
Sparsity (primary)	£45,000	£45,148	£55,000	£55,181
Sparsity (secondary)	£70,000	£70,230	£80,000	£80,263
PFI (RPIX) %	1.56%	3.00%	tbc	tbc
MFG	-0.015	0.000185	-0.015	

4 High Needs NFF 2022-23

- 4.1 The NFF high needs funding to local authorities will increase by an 8% increase per head of population and capped up to 11% on gains.
- 4.2 Due to recent consultation on the high needs formula the historic spend factor has been updated to use 50% of local authorities' actual spend data from 2017-18 section 251 reporting. In previous years the historic spend factor had been calculated using local authorities planned spend in 2017-18 rather than actual spend. The DfE are looking at alternative proxies to include within the NFF formula and remove the historic factor in future years.
- 4.3 There is no appropriate 2020 attainment data due to Covid-19 to use for two low attainment factors, and after the recent consultation on using 2019 data as a proxy for 2020, this basis for the 2022-23 high needs allocation has been used, the same approach as schools NFF formula.
- 4.4 The hospital education factor will also be uplifted by 8% as in 2021-22.

5 Central Schools Services NFF 2022-23

- 5.1 The central services school block provides funding to local authorities to carry out central functions on behalf of maintained schools and academies.
- 5.2 The block comprises of two elements: ongoing responsibilities and historic commitments and funding will continue for 2022-23.

6 Recommendations for Schools Forum

- 6.1 Schools Forum are asked to note the proposed changes to the 2022-23 National Funding Formula (NFF) for Schools and High Needs.

7 Next steps

- 7.1 The LA will go out to consultation with schools for 4 weeks from 22nd Oct 2021 to 2nd Dec 2021. Schools are encouraged to participate in this consultation with the content of this report in mind so that Schools Forum can make the appropriate decisions at the December 2021 meeting.

8 Financial implications

- 8.1 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.

9 Legal implications

- 9.1 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.

10 Risks

- 10.1 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:

Officer name: Yoke O'Brien

Officer title: Strategic Finance Business Partner – Children Services

Email address: yoke.obrien@northnorthants.gov.uk