

Revenue funding policy and National Funding Formulae in 2022-23

Presentation for local authority finance officers

15th September 2021



Department
for Education

Agenda

- **Section 1:** High Needs update
- **Section 2:** Overview of Schools NFF in 2022-23
 - Factor values changes
 - Sparsity changes – move to road distance
 - Minor technical changes: FSM6, LPA & Mobility
 - Direct Formula
- **Section 3:** CSSB
- **Section 4:** Early Years update
- **Questions:** Teams sidebar or FundingPolicy.Queries@education.gov.uk



Section 1: High Needs NFF in 2022-23



High Needs NFF

Main changes for 2022-23:

- Limit on gains reduced to 11%, but funding floor remaining at 8%
- Historic spend factor based on LAs' actual spend in 2017-18, rather than the planned spend baseline originally calculated for that year
- Low attainment factor – adjustment to reflect absence of usable 2020 attainment data

High needs operational guide for 2022-23:

- Further guidance, which applies with immediate effect, on –
 - How to pass on teachers' pay and pensions funding (for historic cost increases)
 - Top-up funding
 - Requests to disapply the special schools' minimum funding guarantee (MFG) – annex 1
 - Responsibility for children who move between local authorities – annex 2



High needs NFF review

First stage of review of the high needs NFF:

- Consultation in early 2021 on proposed changes
- Limited changes implemented in high needs NFF allocations for 2022-23

Next stage of high needs NFF review:

- SEND review is taking longer than first planned, so timing of further changes, and the next consultation, as yet undecided
- Also need to consider and consult on changes in the context of moving towards a “direct NFF” for mainstream schools



High Needs NFF Q&A



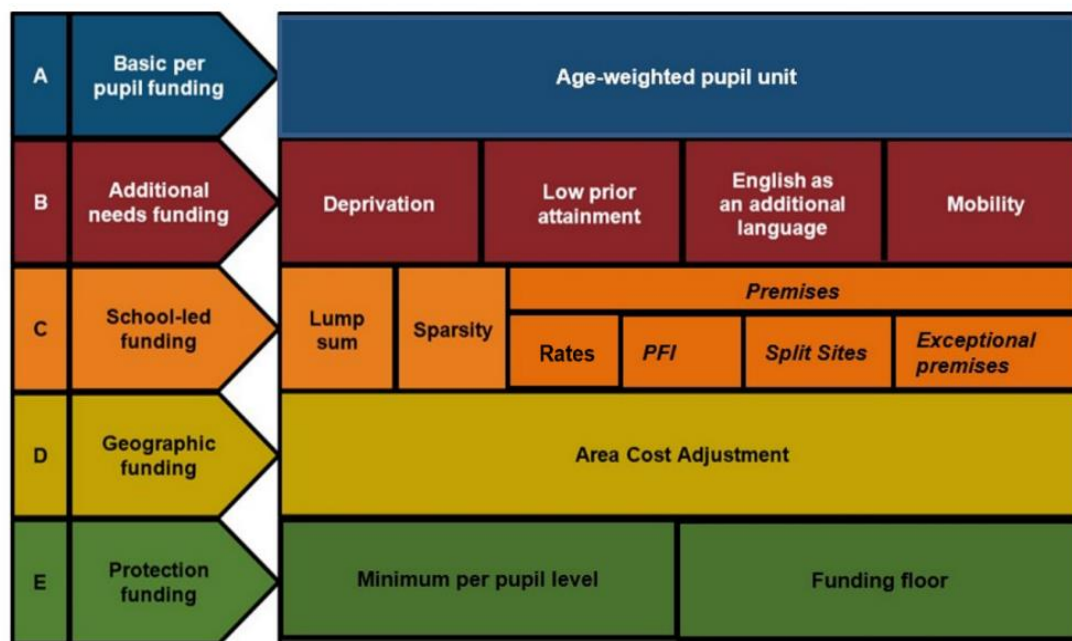
Section : Schools NFF in 2022-23



Overview

The overall structure of the formula is the same as in 2021-22.

- Most factors have increased by 3%.
- Exceptions to this are:
 - MPPL
 - FSM
 - Floor
 - Sparsity
 - Growth
 - Premises



2A. Factor Values Changes



Factor values changes

- **AWPU, lump sum and additional needs***: 3% uplift
- **Funding floor**: 2% uplift from 2021-22;
- **FSM factor**: 2% uplift to per-pupil value;
- **Minimum per-pupil (MPP) funding levels**: Primary: £4,265, Secondary: £5,525 (KS3: £5,321, KS4: £5,831)
- **Maximum sparsity factor**: £55k primary, £80k secondary

[*excluding FSM]



2B. Sparsity factor



Sparsity changes – move to road distance

- Funding is now based on **road distance** instead of straight-line distance from pupils' home to school.
- We have introduced a **sparsity distance taper**, in addition to the existing year group size taper.
- **Maximum sparsity factor:** £55k primary, £80k secondary



2C. Minor technical changes



Minor technical changes for 2022-23

- **FSM6**

Now based on October 2020 school census (previously on January census) in line with pupil premium and other factors.

- **Low prior attainment (LPA)**

Key stage tests were cancelled in 2020 due to Covid. For those who would have taken them in 2020, assumed LPA rates are based on 2019 test results for the cohort one year above.

- **Mobility**

The May 2020 school census was cancelled due to Covid.

Pupils who joined a school between January and May 2020 are classified as mobile on the basis of their entry date, instead of on the May census being their first census in the current school.



2D. Direct Formula



Direct NFF

- **No further changes to local flexibility over school funding in 22-23.**
- **Fair Funding for all schools:**
 - We have launched our consultation on our proposals for “Fair Funding for all Schools: Completing our reforms to the NFF”
 - We would encourage you to respond by 30th September.
- **Consultation Proposals:**
 - Scope of the direct NFF and proposals for transition
 - Proposals for schools experiencing significant growth in pupil numbers
 - Proposals to move to a consistent funding year
 - Approach for funding central school services.



Schools NFF Q&A



Section 3: **Central School Services Block** **(CSSB)**



CSSB Update

- **Proposals for the future of CSSB funding included in the Department's consultation on "Fair school funding for all: completing our reforms to the national funding formula".**
- **Ongoing Responsibilities**
 - National 22-23 budget of c.£284m
 - LAs will have the same floor as in previous years of -2.5%, and the gains cap set at the maximum affordable rate of 5.6%
 - Additional pension funding claimed for centrally employed teachers was rolled into DSG in 21-22 is now a part of the 22-23 baseline.
- **Historic Commitments:**
 - 20% cash reduction to each LA's allocation, compared to 21-22.
 - Same protection as in 21-22 whereby historic commitments funding cannot fall below the total value of ongoing termination of employment and prudential borrowing costs.
 - We will apply this protection in the DSG and LAs in this position should contact : FundingPolicy.QUERIES@education.gov.uk.

Section 4: Early Years Update



Early years funding – How LAs will be funded in 2021-22

- On 18 March we announced that we are temporarily varying our approach to funding local authorities (LAs) for the early years entitlements by funding on a termly count basis in 2021-22.
- This is to give LAs and providers more certainty over their funding income as the childcare system returns to normal from the pandemic.
- We have asked LAs to submit data from their 'local' 2021 summer and autumn counts to the Department, to determine the funding allocations in each of those terms for the Early Years block.
- The spring term 2022 will be funded as usual using the January 2022 census.



Early years 2021 autumn term collection

- LAs need to submit a data return to the ESFA on the funded hours taken up during the census week for all childcare settings – week commencing 4 October 2021.
- For PVI settings - this includes all the settings normally in scope for the Early Years Census for all EY entitlements.
- For maintained settings - we will use the data the department normally collects via the autumn term schools census. Therefore, for school nurseries, Maintained Nursery Schools and maintained academies:
 - you don't need to provide 3-4 year old data
 - But you do need to provide 2 year old* and EYPP data (as the autumn term school census does not allow us to identify eligible children)
- Autumn data return deadline – 13 December 2021
- **Note of change:** The data collection template will be issued and returned via the Document Exchange system. Details of the Document Exchange system can be found here: [Document exchange \(skillsfunding.service.gov.uk\)](https://www.skillsfunding.service.gov.uk)



How the final funding allocation for 2021-22 is calculated

- The final EY funding allocations for 2021-22 will be based on the following:
 - 5/12th of the May 2021 count PTE numbers (to cover the April 2021 to August 2021 period), plus
 - 4/12th of the October 2021 count PTE numbers (to cover the September 2021 to December 2021 period); plus
 - 3/12th of the January 2022 census PTE numbers (to cover the January 2022 to March 2022 period)
- The Early Years block adjustments for 2021-22 will be published as follows:
 - January 2022 – update to provisional allocations (to reflect the summer and autumn term counts),
 - July 2022 - the final funding allocation for 2021-22



Contact Details:

Fundingpolicy.queries@education.gov.uk

For queries regarding policy and the CSSB.

For queries about actual allocations, the APT, or other things of a more operational nature, please continue to use the ESFA contact form.

