

The schools revenue funding 2022 to 2023 Operational guide



Changes to funding for 2022 to 2023

The schools operational guidance was published on the 19 July 2021 alongside the provisional NFF allocations [Pre-16 schools funding: local authority guidance for 2022 to 2023](#) and provides further detail on the information below:

1. NFF factor values have increased by:

- £10,000 to the maximum sparsity values
- 3% to basic entitlement, free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum
- 2% to the floor, the minimum per pupil levels and free school meals (FSM);
- 0% on the premises factors, except for PFI which has increased by RPIX.



Changes to funding for 2022 to 2023

2. Schools sparsity distances are now based on road distances, instead of straight-line distances, and a sparsity distance taper has been introduced, in addition to the existing year group size taper
3. Data for FSM6 is now taken from the most recent October school census instead of the preceding January census, reducing the lag by 9 months
4. Data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy for the 2020 tests, following the cancellation of assessment due to coronavirus (COVID-19).



Changes to funding for 2022 to 2023

5. Mobility - Pupils who joined a school between January 2020 and May 2020 attract funding for mobility based on their entry date.

6. Schools business rates will be paid by ESFA to billing authorities directly on behalf of all state funded schools from 2022 to 2023 onwards.



Key Features for 2022 to 2023

1. Local authorities can set MFG in their local formulae between +0.5% and +2% per pupil
2. TPG and TPECG are now fully rolled in to the NFF
3. MPPLs will remain mandatory, at the new NFF values
4. Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.



Key Features for 2022 to 2023

5. The department will continue to approach selected local authorities about their deficit plans to begin or continue discussions with them
6. We recently changed the terms of the [school-improvement-monitoring-and-brokerage-grant-payment-conditions](#) so that it is used to support educational recovery priorities
7. The early years national funding formula (EYNFF) operational guide is due to be published in the autumn
8. APT we expect to provide the APT tool to local authorities in the autumn and will include the October 2020 census data set. This will be updated with October 2021 census information once available



Changes to funding for 2022 to 2023

High Needs

1. The DfE has published the [high-needs-funding-arrangements-2022-to-2023](#) in August 2021. The department has confirmed the following aspects of the high needs NFF:
2. The national increase in high needs funding in 2022 to 2023 will be £780 million, or 9.6% compared to the amounts allocated in 2021 to 2022. This is a substantial increase for local authorities
3. The funding floor factor in the high needs NFF for 2022 to 2023 will continue at 8% per head of 2 to 18 population.



Changes to funding for 2022 to 2023

High Needs

4. The hospital education factor amount will be uplifted in line with the 8% funding floor factor.
5. The limit on gains is set at 11%.
6. The historic spend factor has been updated for 2022 to 2023, to use 50% of local authorities' actual spend in 2017 to 2018 rather than planned spend as previously used.
7. Due to the coronavirus (COVID-19) pandemic, there is no appropriate 2020 attainment data to use for the 2 low attainment factors; therefore, 2019 data has been used in place of 2020 data for the 2022 to 2023 high needs allocations.



Setting a formula for 2022 to 2023

- Indicative dedicated schools grant (DSG) budgets were published in July. Further details can be found at <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2022-to-2023>
- These are subject to change and will be confirmed in December



Pupil led factors



Factors - basic entitlement

This is a compulsory factor.

Based on pupil numbers as per the October census:

- 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



Factors - basic entitlement

Compulsory factor

- 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
- We do not include reception uplift in the national funding formula; local authorities currently using a reception uplift factor should consider whether to do so in 2022 to 2023
- Schools with reception uplift will not be financially disadvantaged in the national funding formula calculations, as the funding will remain in their baselines



Factors – minimum per pupil amount

This is a compulsory factor:

- the purpose of this factor is to allow local authorities to provide amounts up to the minimum per pupil funding levels for primary and secondary schools
- The per pupil minimum funding levels for 2022 to 2023 are set out below.
- The rates for the minimum per pupil funding levels are as follows:
- Primary: £4,265
- Secondary £5,321 and £5,831 for KS3 and KS4
- Secondary schools that are new and growing will receive the secondary school minimum amounts even if they do not yet have pupils in year 10 and 11.



Factors – minimum per pupil amount

- Local authorities who wish to reflect the NFF calculation by excluding the premises factors that have been excluded from the NFF calculation can do so through the APT and will not need to submit a disapplication
- The funding floor will be set at 2% for 2022 to 2023, in line with the forecast GDP deflator, to protect pupil-led per-pupil funding in real terms.
- In light of the uncertainty created by COVID-19, inflation levels in 2022-23 are particularly difficult to predict with accuracy.



Additional needs



Factors – deprivation

This is a compulsory factor:

- this factor allocates funding based on the additional needs of the specific child
- local authorities can use one, two or all of free school meals (FSM), FSM6, the income deprivation affecting children index (IDACI), to calculate the deprivation factor



Factors – prior attainment

This is an optional factor, although most local authorities do choose to use this:

- the 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 assessment data due to Covid, LAs have to use last years data for Reception and Year7 pupils in 2022 to 2023. The operational guide has further information.



Factors – looked after children

This is an optional factor:

- this factor is available for local authorities to use; however this factor is not used as part of the NFF
- local authorities can apply a single unit value for any child who has been looked after for one day or more, as recorded on the local authority SSDA903 return as at 31 March 2021



Factors – English as an additional language (EAL)

This is an optional factor:

- pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system



Factors – mobility

This is an optional factor:

- 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.
- From 2020 to 2021, a new methodology is applied to allocate this funding on a formulaic basis
- 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



Factors – sparsity

This is an optional factor.

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
- they are small schools
- **Support in funding has been increased in 2022 to 2023 to £55,000 for primary schools, and to £80,000 for secondary schools and can be tapered.**



Factors – lump sum

This is an optional factor:

- local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary
- the maximum lump sum is £175,000, even for schools that receive a London fringe uplift



Factors – 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



Factors – rates

- From 2022- 2023

Business rates will be paid directly to Billing authorities

- Rates will be paid directly by ESFA to billing authorities on behalf of all maintained schools and academies from 2022-23 onwards. LAs will no longer need to fund rates at their estimate of the actual cost and will no longer allocate rates payments to schools
- From April 2022 onwards billing authorities will communicate the cost of schools rates to the ESFA by uploading rates bill data to an online portal. LA's and schools will have observer access to this
- LAs will be able to continue to claim back money for historic adjustments arising in 2021 to 2022 through recording changes for the final time in the 2022 to 2023 APT. Final adjustments will be received by LAs in the 2023 to 2024 NFF allocations, with payments reflected in their DSG from April 2023



Factors – rates

- Local authorities should continue to record rates data in the 2022/2023 APT, as this information will be used to aid the new process by providing useful estimates for comparisons for future years.
- Local authorities may also record any adjustments related to 2021/22 in the 2022/23 APT, in line with existing adjustment arrangements. This adjustment method will take place for the final time in the 2022/23 APT, with final adjustments received by local authorities in the 2023/24 NFF allocations, to ensure there is no disbenefit to local authorities that wish to claim back money for historic adjustments.
- Local authorities will not be required to submit rates data in their APT after the 2022/23 APT.



Factors – Private Finance Initiative (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



Factors – 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 authority's area
- local authorities can use exceptional premises factors used in the previous six years (for pre-existing, and newly-qualifying schools) in 2022 to 2023, if the qualification criteria are still met



Geographic Funding



Factors – London fringe

This is an optional factor:

- only applicable for 5 authorities
- 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



Minimum funding guarantee (MFG)

- Local authorities can set a pre-16 MFG in their local formulae, to protect schools from excessive year-on-year changes and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through.
- Local authorities can choose to set an MFG between plus 0.5% up to plus 2%.
- Local authorities will need to consult on the level of the MFG, as with the rest of the formula.



Minimum funding guarantee (MFG)

- The MFG applies to pupils in reception to year 11 only (Early years pupils, and post-16 pupils are excluded from the calculation).
- Certain elements of funding need to be added to the schools budget shares before the MFG calculation
- There are several formulae factors that are automatically excluded from the MFG calculation, as not doing so would result in excessive protection, or would be inconsistent with other policies.
- All other funding will be in the MFG baseline and there will be no other automatic adjustments. Local authorities can, however, exclude other premises factors from the MFG, if they wish to mirror the NFF.



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



A disapplication may be made in these circumstances.

Capping and scaling

- It is likely that protection will still be required in some areas as a result of changes to formulas
- Schools NFF will not include a gains cap in 2022-23. Although gains can be capped through the formula to allow affordability.
- Capping and scaling must be applied on the same basis to all schools. It no longer has to be applied only to the extent that it offsets the cost of the MFG since that could prevent local authorities from coming close to the NFF.
- 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



Growth fund

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.



Other Workshops

- **15/09/2021 – 10:30** **NFF changes**
- **15/09/2021 – 15:00** **Schools Operational Guide**
- **16/09/2021 – 14:00** **Authority proforma tool (APT)**
- **21/09/2021 – 11:00** **High needs funding : an overview**
- **21/09/2021 – 15:00** **High needs data collection (place change process)**
- **24/09/2021 – 11:00** **DSG and other grants**
- **24/09/2021 – 11:30** **Recoupment**
- **29/09/2021 – 10:00** **Dissapplications**
- **30/09/2021 – 14:00** **LA assurance – s215, CFR, assurance statements**
- **04/10/2021 – 11:00** **Schools forum**
- **04/10/2021 – 14:00** **Management plans**

