



Northumberland County Council

Agenda Item 8

Schools Forum : 29 September 2021

National Funding Formula and School Funding Update

1. Purpose of Briefing Note

To provide an update in relation to the implementation of the National Funding Formula (NFF) and initial information published by the ESFA in relation to School Funding for 2022/23, included updated NFF values.

2. Recommendations

Schools Forum are recommended to :

- note the report; and
- anticipate a further report as part of formal school funding consultation with the Schools Forum at the 17 November 2021 meeting.

3. Background

Schools Forum has previously received reports outlining developments in relation to the National Funding Formula (NFF). Information from the Department for Education (DfE) has confirmed their intention to move to a National Funding Formula (previously known as the “Hard” Formula though the ESFA are now using the term “Direct” Formula) but there is no definitive information as to when this will be implemented. Once the NFF hard formula is fully implemented, local authorities will have no discretion in the values of the individual factors used to distribute funding to schools, as is the case now, within the overall framework provided by the ESFA Revenue Funding Guide and the associated Authority Proforma Tool (APT) used to calculate individual school budget shares.

There is a current consultation on the completion of the reforms to the National Funding Formula with a closing date of 30 September 2021. In the consultation paper, while re-affirming the intention to move to a hard formula, the Department for Education (DfE) acknowledges the disruption caused by the covid pandemic and the need for

“careful implementation and transition to avoid any unexpected disruption.” (P12)

Consequently, no firm fixed target date is proposed, but the DfE indicates a “measured” approach, moving LA local formula close to the NFF, but considering the impact of each step before making the next move. It should be noted that one of the proposals within the current consultation is to require LAs not in line with NFF Values to move a minimum of 10% per year closer from 2023/24. By that measure, the full implementation of the NFF could take up to 10 years.

At the 18 November 2020 meeting, for 2021/22 Schools Forum agreed a two-step approach towards the adoption of National Funding Formula figures. This meant that those values that were significantly over (Primary and KS4 Age Weighted Pupil Unit (AWPU)) or under (Primary Low Prior Attainment) National Funding Formula Values would have this gap closed in two equal steps. It was felt that this approach would provide a substantial increase to those schools in receipt of Primary Low Prior Attainment while offering a degree of protection to schools who currently benefit from receiving AWPU

rates more than NFF figures. Importantly overall this was felt to be consistent with the established Schools Forum view of progressing towards NFF in a gradual and smooth transition.

It should be remembered that most formula values are now in line with NFF values. While there remain differences at AWPU, FSM and Primary Low Prior Attainment, there is now an agreed strategy for managing that transition.

4. New Information

The provisional 2022-23 Dedicated Schools Grant figures were published in late July. It was stated by the DfE that:

- School funding is increasing by 3.2% overall, and by 2.8% per pupil, compared with 2021 to 2022, with the funding floor allocating at least 2% more in pupil-led funding per pupil, and a 2% increase in minimum per pupil funding levels directing further increases to the lowest funded schools;
- We have also further increased total funding through the sparsity factor from £42m to £95m in 2022 to 2023;
- High needs funding is increasing by £780m, or 9.6%, in 2022 to 2023. This brings the total high needs budget to £8.9bn. The high needs NFF will ensure that every local authority receives at least an 8% increase per head of population.

In practice the impact on the National Funding Formula values is as follows :

- 3% added to basic entitlement (AWPU), FSM6, IDACI, LPA, EAL and the Lump Sum;
- 2% increase has been applied to FSM, and Minimum Per Pupil Funding (MPPF) levels.

The rise in the MPPF figures is shown below:

Phase	2020/21 MPPF Level	2021/22 MPPF Level	Increase	2022/23 MFP Level	Increase
Primary	£3,750	£4,180	£250 (6.67%) + £180 [4.8% for TPPG]	£4,265	£80 (2.0%)
Secondary	£5,000	£5,415	£150 (3.0%) + £265 [5.3% for TPPG]	£5,525 #	£110 (2.0%)

KS3 only and KS4 only Schools have their own minimum level of £5,321 and £5,831 respectively

The announcement was accompanied by indicative figures at a LA level using the previous October 2020 data. Final allocations will of course be based on October 2021 School Census data, and published in late December.

Appendix A shows the ESFA NFF values for 2022/23, plus the estimated spending attributed to those values nationally. Appendix B provides a comparison of the movement in NFF Values from 2021/22 to 2022/23 plus an indication of the potential impact of this for Northumberland.

5. High Needs

High Needs funding is reported to receive a £760 million increase nationally. This amounts to a 9.6% increase compared to 2021/22 Each local authority would receive a minimum increase of 8% per head based on population aged between 2 and 18.

Based on our 2021/22 allocation, after deductions, this increase could be worth a further £3.069 million in 2022/23.

6. Central Schools Services Block

There is a reduction in both the ongoing responsibilities (2.5%) and historic commitment (20.0%) elements of this block. The reduction in the historic commitment element has previously been highlighted and the base figure for this was higher as a result of our representations last year. The

reduction in the ongoing commitments element was not anticipated and will result in a budget pressure to the Council. We will continue to engage with the ESFA in relation to this block.

	2021/22	2022/23	Change	
	(actual)	(provisional)	£	%
Ongoing Responsibilities	£1,452,343	£1,416,034	-£36,309	-2.5%
Historic Commitments	£1,305,000	£1,044,000	-£261,000	-20.0%
TOTAL CSSB	£ 2,732,756	£ 2,460,034	-£272,722	-10.2%

6. National Funding Formula Consultation : “Fairer Funding for All”

A draft response to the ESFA in relation to their current NFF consultation is elsewhere on the agenda. As Northumberland has moved closer to the NFF Values there are little implications for Northumberland in the adoption of these, though there are other aspect which warrant further analysis and discussion. These are part of a separate agenda item.

7. Timetable

The provisional timetable for the process, spelling out both the LA and DfE’s responsibilities is attached at Appendix C. A further meeting of the Funding Formula Committee has been organised for 03 November 2021. Further information will be provided to November’s School Forum meeting, at which formal consultation will take place, followed by a period of consultation with Schools before Christmas.

Bruce Parvin
Education and Skills Business Manager
21 September 2021

ESFA Factor values and total spend in 2022-23

	Unit Values	Total Funding (incl ACA)	Proportion of core total
Basic per pupil Funding		£29,862m	76.3%
AWPU		£29,490m	75.4%
Primary AWPU	£3,217	£14,821m	37.9%
KS3 AWPU	£4,536	£8,624m	22.0%
KS4 AWPU	£5,112	£6,045m	15.5%
Minimum per pupil		£372m	0.9%
Primary Minimum Per Pupil funding	£4,265	£279m	0.7%
Secondary Minimum Per Pupil funding	£5,525	£92m	0.2%
Additional Needs Funding		£6,662m	17.0%
Deprivation		£3,566m	9.1%
Primary FSM	£470	£453m	1.2%
Secondary FSM	£470	£282m	0.7%
Primary FSM6	£590	£639m	1.6%
Secondary FSM6	£865	£730m	1.9%
Primary IDACI A	£640	£99m	0.3%
Primary IDACI B	£490	£147m	0.4%
Primary IDACI C	£460	£135m	0.3%
Primary IDACI D	£420	£118m	0.3%
Primary IDACI E	£270	£143m	0.4%
Primary IDACI F	£220	£109m	0.3%
Secondary IDACI A	£890	£86m	0.2%
Secondary IDACI B	£700	£136m	0.3%
Secondary IDACI C	£650	£127m	0.3%
Secondary IDACI D	£595	£111m	0.3%
Secondary IDACI E	£425	£148m	0.4%
Secondary IDACI F	£320	£104m	0.3%
Low Prior Attainment		£2,640m	6.7%
Primary LPA	£1,130	£1,497m	3.8%
Secondary LPA	£1,710	£1,142m	2.9%
English as an Additional Language		£412m	1.1%
Primary EAL	£565	£307m	0.8%
Secondary EAL	£1,530	£105m	0.3%
Mobility		£44m	0.1%
Primary Mobility	£925	£35m	0.1%
Secondary Mobility	£1,330	£9m	0.0%
School Led Funding		£2,599m	6.6%
Lump Sum		£2,503m	6.4%
Primary lump sum	£121,300	£2,092m	5.3%
Secondary lump sum	£121,300	£411m	1.1%
Sparsity		£95m	0.2%
Primary sparsity	£55,000	£89m	0.2%
Secondary sparsity	£80,000	£7m	0.0%
Premises		£527m	1.3%
Area Cost Adjustment: Multiplier applied to basic per pupil, additional needs and school led funding (It is included in the factor subtotals)		£989m	
Core total (excluding funding floor)		£39,123m	
Floor		£497m	
Primary floor funding		£279m	
Secondary floor funding		£218m	
Total		£40,146m	

This shows the unit values, total funding and proportion of funding for each factor in the formula. Total funding is rounded to the nearest £1m. Proportion of core total funding is rounded to the nearest 0.1%. The secondary minimum per pupil factor value is based on a standard secondary school with 5 year groups. Growth funding is excluded from the table as this funding will be calculated using October 2021 census data

COMPARISON OF FINAL 2021-21 AND POTENTIAL 2022-23 FORMULA VALUES FOR NFF AND NORTHUMBERLAND

Factor (all figures £)	NFF Values (As published July 2020) 2021/22	Final NCC Values 2021/22	2022-23 NFF Values (As published July 2021)	Potential NCC Values 22-23	Change in NFF Values 21/22 to 22/23 %	Change in NCC Values 21/22 to 22/23 %
AWPU Primary	3,123	3,154	3,217	3,217	3.01%	2.00%
KS3	4,404	4,404	4,536	4,536	3.00%	3.00%
KS4	4,963	5,064	5,112	5,112	3.00%	0.95%
Lump Sum Primary	117,800	117,800	121,300	121,300	2.97%	2.97%
Middle	117,800	117,800	121,300	121,300	2.97%	2.97%
High/Secondary	117,800	117,800	121,300	121,300	2.97%	2.97%
Deprivation - Free School Meals Primary	460	570	470	570	2.17%	0.00%
Secondary	460	570	470	570	2.17%	0.00%
Deprivation – FSM6 Primary	575	575	590	590	2.61%	2.61%
Secondary	840	840	865	865	2.98%	2.98%
Deprivation – IDACI:						
Primary Band F	215	215	220	220	2.33%	2.33%
Band E	260	260	270	270	3.85%	3.85%
Band D	410	410	420	420	2.44%	2.44%
Band C	445	445	460	460	3.37%	3.37%
Band B	475	475	490	490	3.16%	3.16%
Band A	620	620	640	640	3.23%	3.23%
Secondary Band F	310	310	320	320	3.23%	3.23%
Band E	415	415	425	425	2.41%	2.41%
Band D	580	580	595	595	2.59%	2.59%
Band C	630	630	650	650	3.17%	3.17%
Band B	680	680	700	700	2.94%	2.94%
Band A	865	865	890	890	2.89%	2.89%
Low Attainment Primary	1,095	840	1,130	1,130	3.20%	34.52%
Secondary	1,660	1,660	1,710	1,710	3.01%	3.01%
EAL Primary	550	550	565	565	2.73%	2.73%
Secondary	1,485	1,485	1,530	1,530	3.03%	3.03%
Sparsity (max): Primary	45,000	45,000	55,000	55,000	22.22%	22.22%
Middle	70,000	70,000	80,000	80,000	14.29%	14.29%
Secondary/All Through	70,000	70,000	80,000	80,000	14.29%	14.29%
Totals Adjusted by Capping and Scaling rates:						
Capping		4.65%				
Scaling		50%				
Minimum Funding Guarantee level		2%				
Primary Minimum Per Pupil Funding	4180		4265		2.03%	
Secondary Minimum Per Pupil Funding	5415		5525		2.03%	

Local authority activity

7 October 2021

- School census day

11 October 2021

- Deadline for submitting disapplication requests (for response by December) for:
- MFG exclusions
- exceptional circumstances
- sparsity factors
- lump sum variations for amalgamating schools
- pupil number reductions

Mid-November 2021

- Closing date for submission of the 2022 to 2023 high needs place change workbooks

19 November 2021

Deadline for submitting disapplication requests (for response by the APT deadline) for:

- MFG exclusions
- exceptional circumstances
- sparsity factors
- lump sum variations for amalgamating schools
- pupil number reductions
- Deadline for submitting disapplication requests if the local authority wishes to move more than 0.5% of the schools block
- A request must also be submitted if the schools forum has turned down a proposal from the local authority to move funding out of the schools block, but the local authority wishes to proceed with the transfer—the department aims to issue decisions before the APT deadline

November 2021

- School census database closed
- Check and validate school census

Mid-January 2022

- Schools forum consultation and political approval required for final 2022 to 2023 funding formula
- 16 January schools block disapplication submission amendment date

21 January 2022

- Deadline for submission of final 2022 to 2023 APT to ESFA

28 February 2022

- Deadline for confirmation of schools budget shares to mainstream maintained schools

DfE or ESFA activity

July to September 2021

- NFF arrangements for 2022 to 2023 for schools, central school services and high needs published (illustrative allocations, PUFs, SUFs, policy document, technical notes)
- Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2022 to 2023
- High needs funding operational guide for 2022 to 2023 published
- Further information to illustrate 2022 to 2023 growth funding allocations has been provided to local authorities

October to November 2021

- Publish 2022 to 2023 high needs place change notification: technical note.
- Check and validate school census
- We have issued an early modelling version of the APT to help decision making

December 2021

- Final APT issued to local authorities, containing October 2021 census-based pupil data and factors
- Publication of 2022 to 2023 DSG schools block (prior to academies recoupment), central school services block, initial early years block allocations and updated high needs block allocations for 2022 to 2023

By 31 March 2022

- Confirmation of 2022 to 2023 general annual grant for academies open by 9 January 2022
- 2022 to 2023 allocation statements issued to post-16 institutions, academies, and non-maintained special schools
- Publication of 2022 to 2023 high needs place numbers at institution level

April 2022

- First DSG payments to local authorities based on 2022 to 2023 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments

Summer 2022

- Early years block updated for January 2022 early years pupil numbers

Summer 2023

- Early years block updated for January 2023 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2021 to March 2022)