



Northumberland County Council

Agenda Item 6

Schools Forum : 28 September 2022

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 2023/24, including updated NFF values for 2023/24.

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 16 November 2022 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). 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.

While previously no firm fixed target date had been proposed, in July 2022 the DfE indicated an expectation for LAs “to have moved to the direct NFF within the next 5 years – that is by the 2027/28 funding year at the latest.

Furthermore, the DfE have introduced a requirement that all NFF factors must be used within a local authority’s formula. Northumberland satisfies this following the introduction to include the mobility element last year.

There are also assessment criteria, classifying LAs in 3 categories, based on a comparison of individual local authority’s formula values with the NFF:

- A. Local Authorities that mirror the NFF** are where all formula factors are within 2.5% of the NFF;
- B. Local Authorities that mirror the NFF in most factors** where at least 7 out of 9 factors “mirror” the NFF. Northumberland is in this category as while 8 of the 9 factors mirror NFF, the mobility factor currently sits at 50% of the NFF value.
- C. Local authorities whose formulae are substantially different from the NFF**, where authorities use different factors or values more than 2.5% different from the NFF in 3 or more factors

Local authorities in categories B & C will be required to move their 2023/24 formula factors a minimum of 10% closer to NFF, and the DfE have produced minimum and

maximum formula value tables (available [HERE](#)) reflecting this. Northumberland's table is shown below:

Local authority (LA) name	Local authority number		
Northumberland	929		
Factor	2023 to 2024 national funding formula (NFF) value including area cost adjustment (ACA)	2023 to 2024 authority proforma tool (APT) minimum value	2023 to 2024 APT maximum value
Primary basic entitlement	£3,394.00	£3,309.15	£3,478.85
KS3 basic entitlement	£4,785.00	£4,665.38	£4,904.63
KS4 basic entitlement	£5,393.00	£5,258.18	£5,527.83
Primary FSM	£480.00	£468.00	£492.00
Secondary FSM	£480.00	£468.00	£492.00
Primary FSM6	£705.00	£687.38	£722.63
Secondary FSM6	£1,030.00	£1,004.25	£1,055.75
Primary IDACI F	£230.00	£224.25	£235.75
Primary IDACI E	£280.00	£273.00	£287.00
Primary IDACI D	£440.00	£429.00	£451.00
Primary IDACI C	£480.00	£468.00	£492.00
Primary IDACI B	£510.00	£497.25	£522.75
Primary IDACI A	£670.00	£653.25	£686.75
Secondary IDACI F	£335.00	£326.63	£343.38
Secondary IDACI E	£445.00	£433.88	£456.13
Secondary IDACI D	£620.00	£604.50	£635.50
Secondary IDACI C	£680.00	£663.00	£697.00
Secondary IDACI B	£730.00	£711.75	£748.25
Secondary IDACI A	£930.00	£906.75	£953.25
Primary EAL3	£580.00	£565.50	£594.50
Secondary EAL3	£1,565.00	£1,525.88	£1,604.13
Primary LPA	£1,155.00	£1,126.13	£1,183.88
Secondary LPA	£1,750.00	£1,706.25	£1,793.75
Primary mobility	£945.00	£529.20	£968.63
Secondary mobility	£1,360.00	£761.50	£1,394.00
Primary lump sum	£128,000.00	£124,800.00	£131,200.00
Secondary lump sum	£128,000.00	£124,800.00	£131,200.00
Primary sparsity	£56,300.00	£54,892.50	£57,707.50
Secondary sparsity	£81,900.00	£79,852.50	£83,947.50
Middle-school sparsity	£81,900.00	£79,852.50	£83,947.50
All-through sparsity	£81,900.00	£79,852.50	£83,947.50

In practice the only formula factor of note is Mobility, where the intention for 2023/24 was to move to NFF anyway following its introduction into the Northumberland formula last year.

Despite the DfE classification criteria placing Northumberland in category B, it should be remembered that most formula values are now in line with NFF. It is anticipated that moving to full NFF should present no significant issues, on the basis of the information currently available.

4. New Information

Overall school funding is increasing by 1.9% in 2023/24 compared to 2022/23. Year on year comparisons include the School Supplementary Grant paid in addition to the DSG in 2022/23. In their updated policy document The National Funding Formula for Schools and High Needs 2023-24 published in July, and available [HERE](#), the DfE have been keen to emphasise the impact of additional funding over 2 years, making comparisons of an 7.9% per pupil increase compared to 2021-22 but schools should be aware that the funds available for 2023/24 will not increase by the same amount as in 2022/23.

The main features of the 2023/24 figures are:

- Additional support directed to disadvantaged pupils, by increasing the FSM6 and IDACI factors in the schools NFF by a greater amount than other factors. These factors will increase by 4.3%, compared to their 2022-23 values. This means that we will be targeting a greater proportion of schools NFF funding towards deprived pupils than ever before - 9.8% of the schools NFF will be allocated according to deprivation in 2023-24.
- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
- Through the minimum per pupil funding levels, every primary school will receive at least £4,405 per pupil, and every secondary school at least £5,715.
- The funding floor will ensure that all schools attract at least 0.5% more pupil-led funding per pupil compared to its 2022-23 NFF allocation.
- Rolling the 2022-23 school supplementary grant into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this, using the following values:
 - £97, £137 and £155 have been added to the Primary, KS3 and KS4 AWPUs
 - £85 and £124 to the Primary and Secondary FSM6 factors; and
 - £3,680 to the Lump Sum

There is a 0.5% rise in the Minimum Per Pupil Funding (MPPF) figures, demonstrated below:

Phase	2022/23 MPPF Level	Increase	2023/24 MPPF Level
Primary	£4,265	£119 (2.8%) SSG + £21 (0.5%) inc	£4,265
KS3	£5,321	£155 (2.9%) SSG + £27 (0.5%) inc	£5,503 #
KS4	£5,831	£173 (3.0%) SSG + £29 (0.5%) inc	£5,525 #

the secondary value of £5,705, is a weighted average of the KS3 (3/5) and KS4 (2/5) figures

The announcement was accompanied by indicative figures at a LA level using the previous October 2021 data. Final allocations will of course be based on October 2022 School Census data, and published in late December.

Appendix A shows the ESFA NFF values for 2023/24, plus the estimated spending attributed to those values nationally. Appendix B provides a comparison of the movement in NFF Values from 2022/23 to 2023/24 plus an indication of the potential impact of this for Northumberland. It should be noted that the 2023/2 figures includes an increase in respect of the School Supplementary Grant distributed separately in 2022/23, and included in the main DSG for 2023/23.

5. High Needs

Information from the DfE reports a £570 million (6.3%) increase in funding nationally for 2023/24, compared to a £760 million (9.6%) increase nationally in 2022/23. Each local authority will receive an increase of between 5 and 7% per head based on population aged between 2 and 18.

Based on our 2022/23 allocation, after deductions, this could be worth between £2.174 million and £3.044 million in 2023/24.

6. Central Schools Services Block

The ongoing 20% reduction in the historic commitment element has previously been highlighted and should continue to cover Northumberland's costs in relation to ongoing prudential borrowing costs and termination of employment costs for which the historic element is intended. While there is a small 2% increase in the ongoing responsibilities element, this needs to be balanced against the significant pay and price inflation pressures anticipated.

	2022/23 (actual)	2023/24 (provisional)	Change	
			£	%
Ongoing Responsibilities	£1,410,271	£1,438,455	+£28,184	+2.0%
Historic Commitments	£1,044,000	£835,200	-£208,800	-20.0%
TOTAL CSSB	£ 2,454,271	£ 2,273,655	-£180,616	-7.4%

6. Early Years

As in previous years, there has been no information released in relation to the Early Years Block for 2023/24. Early Years funding is based on January census data

7. Timetable

The provisional timetable for the process, spelling out both the LA and DfE's responsibilities is attached at Appendix C. 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 2022

Factor values and total spend in 2023-24

	Unit Values	Total Funding (incl ACA)	Proportion of core total	2022-23 Unit Values	22-23 Total Funding (incl ACA)	22-23 Proportion of Core Total
Basic per pupil Funding		£31,566m	76.0%			76.3%
Basic entitlement		£31,342m	75.5%		£29,490m	75.4%
Primary basic entitlement	£3,394	£15,549m	37.5%	£3,217	£14,821m	37.9%
KS3 basic entitlement	£4,785	£9,235m	22.2%	£4,536	£8,624m	22.0%
KS4 basic entitlement	£5,393	£6,558m	15.8%	£5,112	£6,045m	15.5%
Minimum per pupil		£223m	0.5%		£372m	0.9%
Primary Minimum Per Pupil funding	£4,405	£178m	0.4%	£4,265	£279m	0.7%
Secondary Minimum Per Pupil funding	£5,715	£46m	0.1%	£5,525	£92m	0.2%
Additional Needs Funding		£7,209m	17.4%		£6,662m	17.0%[^]
Deprivation		£4,062m	9.8%		£3,566m	9.1%
Primary FSM	£480	£510m	1.2%	£470	£453m	1.2%
Secondary FSM	£480	£332m	0.8%	£470	£282m	0.7%
Primary FSM6	£705	£799m	1.9%	£590	£639m	1.6%
Secondary FSM6	£1,030	£887m	2.1%	£865	£730m	1.9%
Primary IDACI A	£670	£103m	0.2%	£640	£99m	0.3%
Primary IDACI B	£510	£151m	0.4%	£490	£147m	0.4%
Primary IDACI C	£480	£139m	0.3%	£460	£135m	0.3%
Primary IDACI D	£440	£122m	0.3%	£420	£118m	0.3%
Primary IDACI E	£280	£146m	0.4%	£270	£143m	0.4%
Primary IDACI F	£230	£113m	0.3%	£220	£109m	0.3%
Secondary IDACI A	£930	£93m	0.2%	£890	£86m	0.2%
Secondary IDACI B	£730	£146m	0.4%	£700	£136m	0.3%
Secondary IDACI C	£680	£135m	0.3%	£650	£127m	0.3%
Secondary IDACI D	£620	£118m	0.3%	£595	£111m	0.3%
Secondary IDACI E	£445	£158m	0.4%	£425	£148m	0.4%
Secondary IDACI F	£335	£111m	0.3%	£320	£104m	0.3%
Low Prior Attainment		£2,662m	6.4%		£2,662m	6.4%
Primary LPA	£1,155	£1,472m	3.5%	£1,130	£1,497m	3.8%
Secondary LPA	£1,750	£1,190m	2.9%	£1,710	£1,142m	2.9%
English as an Additional Language		£434m	1.0%		£412m	1.1%
Primary EAL	£580	£318m	0.8%	£565	£307m	0.8%
Secondary EAL	£1,565	£116m	0.3%	£1,530	£105m	0.3%
Mobility		£50m	0.1%		£44m	0.1%
Primary Mobility	£945	£40m	0.1%	£925	£35m	0.1%
Secondary Mobility	£1,360	£11m	0.0%	£1,330	£9m	0.0%
School Led Funding		£2,739m	6.6%		£2,599m	6.6%
Lump Sum		£2,642m	6.4%		£2,503m	6.4%
Primary lump sum	£128,000	£2,207m	5.3%	£121,300	£2,092m	5.3%
Secondary lump sum	£128,000	£435m	1.0%	£121,300	£411m	1.1%
Sparsity		£97m	0.2%		£95m	0.2%
Primary sparsity	£56,300	£91m	0.2%	£55,000	£89m	0.2%
Secondary sparsity	£81,900	£6m	0.0%	£80,000	£7m	0.0%
Premises		£539m	1.3%		£527m	
Area Cost Adjustment: Multiplier applied to basic entitlement, additional needs and school led funding (It is included in the factor subtotals)		£1,060m			£989m	
Core total (excluding funding floor)		£41,513m			£39,123m	
Floor		£326m			£497m	
Primary floor funding		£175m			£279m	
Secondary floor funding		£151m			£218m	
Total		£42,378m			£42,378m	

**COMPARISON OF FINAL 2022-23 AND POTENTIAL 2023-24 FORMULA VALUES FOR
NFF AND NORTHUMBERLAND**

Factor (all figures £)	NFF Values		NCC Values		Movement in	Movement in
	2022/23	2022/23	2023/24	Potential 2023/24	NFF values 22/23 to 23/24	NCC values 22/23 to 23/24
	col (b)	col (c)	col (d)	col (e)	2021/22 col (f) #	2021/22 col (g) #
AWPU Primary	3,217	3,217	3,394	3,394	5.50%	5.50%
KS3	4,536	4,536	4,785	4,785	5.49%	5.49%
KS4	5,112	5,112	5,393	5,393	5.50%	5.50%
Lump Sum Primary	121,300	121,300	128,000	128,000	5.52%	5.52%
Middle	121,300	121,300	128,000	128,000	5.52%	5.52%
High/Secondary	121,300	121,300	128,000	128,000	5.52%	5.52%
Deprivation - Free School Meals Primary	470	470	480	480	2.13%	2.13%
Secondary	470	470	480	480	2.13%	2.13%
Deprivation – FSM6 Primary	590	590	705	705	19.49%	19.49%
Secondary	865	865	1030	1030	19.08%	19.08%
Deprivation – IDACl:						
Primary Band F	220	220	230	230	4.55%	4.55%
Band E	270	270	280	280	3.70%	3.70%
Band D	420	420	440	440	4.76%	4.76%
Band C	460	460	480	480	4.35%	4.35%
Band B	490	490	510	510	4.08%	4.08%
Band A	640	640	670	670	4.69%	4.69%
Secondary Band F	320	320	335	335	4.69%	4.69%
Band E	425	425	445	445	4.71%	4.71%
Band D	595	595	620	620	4.20%	4.20%
Band C	650	650	680	680	4.62%	4.62%
Band B	700	700	730	730	4.29%	4.29%
Band A	890	890	930	930	4.49%	4.49%
Low Attainment Primary	1,130	1,130	1,155	1,155	2.21%	2.21%
Secondary	1,710	1,710	1,750	1,750	2.34%	2.34%
EAL Primary	565	565	580	580	2.65%	2.65%
Secondary	1,530	1,530	1,565	1,565	2.29%	2.29%
MOBILITY : Primary	925	463	945	945	2.16%	104.10%
Secondary	1,330	665	1,360	1,360	2.26%	104.51%
SPARSITY(max): Primary	55,000	55,000	56,300	56,300	2.36%	2.36%
Middle	80,000	80,000	81,900	81,900	2.38%	2.38%
Secondary/All Through	80,000	80,000	81,900	81,900	2.38%	2.38%
Capping		13%				
Scaling		50%				
Minimum Funding Guarantee		2%		0.5%		
<i>(max of 0.5% dictated by ESFA for 2023/24)</i>						

Local authority activity

6 October 2022

- School census day

10 October 2022

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

28 October 2022

- First deadline for local authorities to provide evidence of the total value of their ongoing prudential borrowing and termination of employment costs, in order for this funding to be protected in the December DSG allocations

Mid-November 2022

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

18 November 2022

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 2022

- School census database closed
- Check and validate school census

Mid-January 2023

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

20 January 2023

- Deadline for submission of final 2023 to 2024 APT to ESFA

28 February 2023

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

DfE or ESFA activity

July to September 2022

- NFF arrangements for 2023 to 2024 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 2023 to 2024
- High needs funding operational guide for 2023 to 2024 published
- Further information to illustrate 2023 to 2024 growth funding allocations has been provided to local authorities

October to November 2022

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

December 2022

- Final APT issued to local authorities, containing October 2022 census-based pupil data and factors
- Publication of 2023 to 2024 DSG schools block (prior to academies recoupment), central school services block, initial early years block allocations and updated high needs block allocations for 2023 to 2024

By 31 March 2023

- Confirmation of 2023 to 2024 general annual grant for academies open by 9 January 2023
- 2022 to 2023 allocation statements issued to post-16 institutions, academies, and non-maintained special schools
- Publication of 2023 to 2024 high needs place numbers at institution level

April 2023

- First DSG payments to local authorities based on 2023 to 2024 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments

Summer 2023

- Early years block updated for January 2023 early years pupil numbers

Summer 2024

- Early years block updated for January 2024 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2022 to March 2023)