



Northumberland County Council

Agenda Item 9

Schools Forum : 27 September 2023

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 2024/25, including updated NFF values for 2024/25.

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 22 November 2023 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.

The DfE have previously indicated an expectation for LAs by the 2027/28 funding year at the latest.

Following Northumberland’s decision to move the mobility formula factor in line with NFF with effect from the 2023/24 financial year, Northumberland now “mirrors” the National Funding Formula, in line with the classifications introduced by the ESFA last year

- 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 2024/25 formula factors a minimum of 10% closer to NFF, and the DfE have produced minimum and maximum formula value tables reflecting this. This has no implications for Northumberland.

4. New Information

The total core Schools Budget will total over £59.6 billion in 2024/25. No definitive break down of this has been provided by the ESFA but it is estimated to be :

- £43.3 billion Schools Block ;
- £10.5 billion High Needs Block
- £3.8 billion Early Years Block

The Teachers Pay Additional Grant (TPAG) announced in July 2023, and effective from September 2023, accounted for an additional £482.5 million in 2023/24 and this increases to £827 million for 2024/25 when the full year effect of this taken into consideration. This funding is intended to cover 3% of the 6.5% Teachers Pay Award due from 1 September 2023. Schools are expected to find the other 3.5% through their existing funding streams.

In their updated policy document *The National Funding Formula for Schools and High Needs 2024/25* 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 increases in overall funds available for 2024/25 will be less than 2023/24, at least on the basis of the latest information available.

The main features of the 2024/25 figures are:

- 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%.
- 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 – 10.1% of the schools NFF will be allocated according to deprivation in 2024/25, up from 9.8% in 23/24.
- Through the minimum per pupil funding levels, every primary school will receive at least £4,655 per pupil (5.7% increase), and every secondary school at least £6,050 (5.9% increase). This compares to figures of £4,405 and £5,715 for 2023/24. It should be noted this includes an adjustment in respect of the Mainstream Schools Additional Grant(MSAG) introduced for 2023/24 as shown in the table below.

Phase	2023/24 MPPF Level	Increase	2024/25 MPPF Level
Primary	£4,405	£143 (2.8%) MSAG + £117 (2.5%) inc	£4,665
KS3	£5,503	£186 (2.9%) MSAG + £135 (2.4%) inc	£5,824 #
KS4	£6,033	£208 (3.0%) MSAG + £148 (2.4%) inc	£6,389 #

the secondary value of £6,050 is a weighted average of the KS3 (3/5) and KS4 (2/5) figures

- The funding floor is again set at 0.5% more pupil-led funding per pupil compared to its 2023-24 NFF allocation.
- As with the School Supplementary (SSG) Grant previously, the 2023/24 MSAG has also resulted in adjustments to the schools NFF 2024/25 formula values to integrate this as an on-going part of schools' core budgets. The following values have been added to NFF factor values and baselines to reflect this:
 - £119, £168 and £190 have been added to the Primary, KS3 and KS4 AWPUs
 - £104 and £152 to the Primary and Secondary FSM6 factors; and
 - £4,510 to the Lump Sum

The announcement was accompanied by indicative figures at a LA level using the previous October 2022 data. There is an ESFA tool providing equivalent School level indicative figures, again using October 2022 data available at : <https://skillsfunding.service.gov.uk/national-funding-formula>

Final LA level allocations will of course be based on October 2023 School Census data, and published in late December.

Appendix A shows the ESFA NFF values for 2024/25, 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 and the potential figures for 204/25 should we continue to follow NFF

5. High Needs

Information from the DfE reports £440 million (4.3%) increase for 2024/25, but this should be seen in the context of an initial £570 million (6.3%) increase for 23/24 announced at this stage last year, which was increased by a further £400m following the Chancellor's Autumn Statement in November 2022.

A minimum of 3% per head based on population aged between 2 and 18 will be received by local authorities.

Based on our 2023/24 allocation, before deductions of £51million, a 3% increase would be worth £1.530 million in 2024/25.

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 the 4.5% increase is larger than last year's 2% increase of 2% for the ongoing responsibilities element, this still does not meet pay and price pressures arising from the NJC award.

	2023/24 (actual)	2024/25 (provisional)	Change	
			£	%
Ongoing Responsibilities	£1,433,789	£1,499,038	+£65,249	+4.5%
Historic Commitments	£835,200	£668,160	-£167,040	-20.0%
TOTAL CSSB	£ 2,268,989	£ 2,167,198	-£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 2024/25. Early Years funding is based on January census data, and initial 2024/25 figures are expected in December 2023.

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 2023

Factor values and total spend 2023/24 to 2024/25

	2023/24 Unit Values	Total Funding (incl ACA)	Proportion of core total	2024/25 Unit Values	Total Funding (incl ACA)	Proportion of Core Total
Basic per pupil Funding		£31,566m	76.0%			75.7%
Basic entitlement		£31,342m	75.5%		£33,696m	75.3%
Primary basic entitlement	£3,394	£15,549m	37.5%	£3,597	£16,419m	36.9%
KS3 basic entitlement	£4,785	£9,235m	22.2%	£5,072	£9,904m	22.2%
KS4 basic entitlement	£5,393	£6,558m	15.8%	£5,717	£7,183m	16.1%
Minimum per pupil		£223m	0.5%		£191m	0.4%
Primary Minimum Per Pupil funding	£4,405	£178m	0.4%	£4,655	£150m	0.3%
Secondary Minimum Per Pupil funding	£5,715	£46m	0.1%	£6,050	£40m	0.1%
Additional Needs Funding		£7,209m	17.4%		£7,917m	17.8%
Deprivation		£4,062m	9.8%		£4,511m	10.1%
Primary FSM	£480	£510m	1.2%	£490	£540m	1.2%
Secondary FSM	£480	£332m	0.8%	£490	£376m	0.8%
Primary FSM6	£705	£799m	1.9%	£830	£951m	2.1%
Secondary FSM6	£1,030	£887m	2.1%	£1,210	£1,067m	2.4%
Primary IDACI A	£670	£103m	0.2%	£685	£104m	0.2%
Primary IDACI B	£510	£151m	0.4%	£520	£152m	0.3%
Primary IDACI C	£480	£139m	0.3%	£490	£140m	0.3%
Primary IDACI D	£440	£122m	0.3%	£450	£124m	0.3%
Primary IDACI E	£280	£146m	0.4%	£285	£147m	0.3%
Primary IDACI F	£230	£113m	0.3%	£235	£115m	0.3%
Secondary IDACI A	£930	£93m	0.2%	£950	£97m	0.2%
Secondary IDACI B	£730	£146m	0.4%	£750	£151m	0.3%
Secondary IDACI C	£680	£135m	0.3%	£695	£140m	0.3%
Secondary IDACI D	£620	£118m	0.3%	£635	£122m	0.3%
Secondary IDACI E	£445	£158m	0.4%	£455	£165m	0.4%
Secondary IDACI F	£335	£111m	0.3%	£345	£117m	0.3%
Low Prior Attainment		£2,662m	6.4%		£2,857m	6.4%
Primary LPA	£1,155	£1,472m	3.5%	£1,180	£1,617m	3.6%
Secondary LPA	£1,750	£1,190m	2.9%	£1,790	£1,240m	2.8%
English as an Additional Language		£434m	1.0%		£488m	1.1%
Primary EAL	£580	£318m	0.8%	£595	£346m	0.8%
Secondary EAL	£1,565	£116m	0.3%	£1,605	£142m	0.3%
Mobility		£50m	0.1%		£61m	0.1%
Primary Mobility	£945	£40m	0.1%	£925	£48m	0.1%
Secondary Mobility	£1,360	£11m	0.0%	£1,330	£13m	0.0%
School Led Funding		£2,739m	6.6%		£2,900m	6.5%
Lump Sum		£2,642m	6.4%		£2,801m	6.3%
Primary lump sum	£128,000	£2,207m	5.3%	£135,700	£2,339m	5.3%
Secondary lump sum	£128,000	£435m	1.0%	£135,700	£462m	1.0%
Sparsity		£97m	0.2%		£99m	0.2%
Primary sparsity	£56,300	£91m	0.2%	£57,700	£94m	0.2%
Secondary sparsity	£81,900	£6m	0.0%	£83,900	£5m	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			£1,123m	
Core total (excluding funding floor)		£41,513m			£44,513m	
Floor		£326m			£223m	
Primary floor funding		£175m			£109m	
Secondary floor funding		£151m			£114m	
Premises					£595m	
Incl Split Sites		£76,800		£81,400	£33m	
Total		£42,378m			£45,331m	

FINAL 2023/24 AND POTENTIAL 2024/25 FORMULA VALUES FOR NFF AND NORTHUMBERLAND

Factor (all figures £)	Proposed		Proposed		Movement in NFF values 23/24 to 24/25	Movement in NCC values 23/24 to 24/25
	NFF Values 2023/24	NCC Values 2023/24	NFF Values 2024/25	NCC Values 2024/25		
col (a)	col (b)	col (c)	col (d)	col (e)	col (f)	col (g)
# AWPU : Primary	3,394	3,394	3,597	3,597	5.98%	5.98%
KS3	4,785	4,785	5,072	5,072	6.00%	6.00%
KS4	5,393	5,393	5,717	5,717	6.01%	6.01%
# Lump Sum: Primary	128,000	128,000	135,700	135,700	6.02%	6.02%
Middle	128,000	128,000	135,700	135,700	6.02%	6.02%
High/Secondary	128,000	128,000	135,700	135,700	6.02%	6.02%
Deprivation - Free School Meals						
Primary	480	480	490	490	2.08%	2.08%
Secondary	480	480	490	490	2.08%	2.08%
# Deprivation – FSM6 Primary	705	705	830	830	17.73%	17.73%
Secondary	1030	1030	1210	1210	17.48%	17.48%
Deprivation – IDACi:						
Primary Band F	230	230	235	235	2.17%	2.17%
Band E	280	280	285	285	1.79%	1.79%
Band D	440	440	450	450	2.27%	2.27%
Band C	480	480	490	490	2.08%	2.08%
Band B	510	510	520	520	1.96%	1.96%
Band A	670	670	685	685	2.24%	2.24%
Secondary Band F	335	335	345	345	2.99%	2.99%
Band E	445	445	455	455	2.25%	2.25%
Band D	620	620	635	635	2.42%	2.42%
Band C	680	680	695	695	2.21%	2.21%
Band B	730	730	750	750	2.74%	2.74%
Band A	930	930	950	950	2.15%	2.15%
Low Attainment Primary	1,155	1,155	1,185	1,185	2.60%	2.60%
Secondary	1,750	1,750	1,790	1,790	2.29%	2.29%
EAL Primary	580	580	595	595	2.59%	2.59%
Secondary	1,565	1,565	1,605	1,605	2.56%	2.56%
MOBILITY : Primary	945	945	970	970	2.65%	2.65%
Secondary	1,360	1,360	1,395	1,395	2.57%	2.57%
SPARSITY(max): Primary	56,300	56,300	57,700	57,700	2.49%	2.49%
Middle	81,900	81,900	83,900	83,900	2.44%	2.44%
Secondary/All Through	81,900	81,900	83,900	83,900	2.44%	2.44%
Capping		-				
Scaling		-				
Minimum Funding Guarantee		0.5%		0.5%		

(max of 0.5% dictated by ESFA for 2024/25)

Increases in AWPU, Lump Sum and Deprivation - FSM6 influenced by MSAG element- see Section 4 of report

5 October 2023

- school census day

10 October 2023

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
- growth funding

27 October 2023

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

Mid-November 2023

- closing date for submission of the 2024 to 2025 high needs place change workbooks

17 November 2023

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

- MFG exclusions
- exceptional circumstances
- sparsity factors
- growth funding
- 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
- deadline for providing details of any changes to the list of split sites given in the modelling version of the APT

November 2023

- school census database closed
- check and validate school census
- block movement requests from safety valve local authorities - the process for safety valve local authorities is separate and all safety valve local authorities have been sent a letter outlining the process

Mid-January 2024

- schools forum consultation and political approval required for final 2024 to 2025 funding formulae
- 12 January schools block disapplication submission amendment date

22 January 2024

- deadline for submission of final 2024 to 2025 APT to the department

2 February 2024

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

29 February 2024

- confirmation of schools budget shares to mainstream maintained schools

March 2024

- final allocations to mainstream maintained schools (includes de-delegation)

Timetable - DfE or ESFA activity

July to September 2023

- NFF arrangements for 2024 to 2025 for schools, central school services and high needs published (illustrative allocations, primary unit of funding (PUFs), secondary unit of funding (SUFs), policy document, technical notes)
- operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2024 to 2025
- high needs funding: 2024 to 2025 operational guidance published
- further information to illustrate 2024 to 2025 growth funding allocations has been provided to local authorities

October to November 2023

- publish 2024 to 2025 high needs place change process guidance.
- check and validate school census
- early modelling version of the APT issued to local authorities to help decision making

December 2023

- final APT issued to local authorities, containing October 2023 census-based pupil data and factors
- publication of 2024 to 2025 DSG schools block (prior to academies recoupment), central school services block, initial early years block allocations and updated high needs block allocations for 2024 to 2025

January 2024

- laying the annual Schools and Early Years Finance (England) Regulations

By 31 March 2024

- confirmation of 2024 to 2025 general annual grant for academies open by 9 January 2024
- 2024 to 2025 allocation statements issued to post-16 institutions, academies, and non-maintained special schools
- publication of 2024 to 2025 high needs place numbers at school level

April 2024

- 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 2024

- early years block updated for January 2024 early years pupil numbers

Summer 2025

- early years block updated for January 2025 early years pupil numbers (pro rata seven-twelfths, as this relates only to the period September 2023 to March 2024)