

National Funding Formula (NFF) for Schools and High Needs 2022-23

Report to: Schools Forum

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Status: For Information

1. Introduction

1.1 This report sets out:

- Details of the National Funding Formula (NFF) 2022-23 policy publication for schools and high needs
- Birmingham City Council's local formulae for school budgets and high needs

2. National Funding Formula for schools and high needs

2.1 The Department for Education (DfE) published on 20 July an update on the policy paper of the National Funding Formula (NFF) 2022-23 and high needs. Details can be found <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>.

2.2 The proposals for 2022-23 school funding:

- School funding is increasing by 3.2% overall. The funding is based upon the pupils and cohorts core factors increasing within the formula by 3%, but ensuring every school is allocated at least 2% more funding per pupil.
- Sparsity factor in support of small schools and remote schools will increase to £55,000 for primary and £80,000 for all other schools. The calculation or accuracy of this is to identify schools' remoteness by using road distances instead of straight-line distances and using a new distance "taper".
- Decreasing the funding lag for Free School Meals - Ever 6 (FSM6) deprivation funding factor by 9 months, from using the previous year's January census to the October census.
- Centralising the business rates payment system for schools, so that ESFA will pay billing authorities directly on behalf of state funded schools.
- High needs funding increasing by 9.6% ensuring that every local authority will receive at least 8% increase per head of population, and up to 11% (capped at 11% on gains).

- Implementing a technical change within the high needs funding to the historic spend factor to use 50% of local authorities actual spend in 2017-18 rather than the planned spend.
- A DfE consultation exercise of moving to the hard NFF was published at the start of summer with a closing date 30 September for the consultation. 2022-23 financial year will not be the hard NFF as originally planned.
https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

3.0 Notional school budgets 2022-23

In support of the policy proposals, notional school budget allocations calculated by the Education Skills Funding Agency (ESFA) have been published and attached as Annex 1 (for information) to demonstrate the NFF and additional funding of 2% for 2022-23.

Birmingham City Council's (BCC) School Funding Formulae is a locally agreed formula working in collaboration with the Council and School Forum in accordance with the DfE statutory guidelines of implementation of the NFF or hard formula within the timescales.

It should be noted that BCC local formula factors and funding rates mirror the NFF apart from:

- Growth fund £4.521m – School Forum approval in January 2021
- Fallings rolls fund £0.546m – School Forum approval in January 2021

Both growth and falling rolls have **not** been included within the published notional school budget allocations in Annex 1, plus inclusion and changes of the autumn census 2021.

It should also be noted that the published allocation of school notional budgets 2022-23 is for **illustrative purposes** and not final school budgets 2022-23. The local authority will be calculating school budgets 2022-23 upon publication of the Authority Proforma Tool (APT) and Dedicated Schools Grant (DSG) funding as in previous years. School Forum will be approving the school budgets and APT in January 2022.

- 3.1 For transparency and reporting to School Forum, a comparison of funding factor rates and NFF rates is detailed as below and 2021-22 rates was reported in January 2021, as part of the School Forum approval of BCC formulae and proposed NFF policy rates 2022-23 as below:

NFF Funding Factors	2021-22 BCC rates	2021-22 NFF rates	Proposed 2022-23 NFF rates
AWPU-primary (R-Y6) per pupil	£3,213	£3,123	£3,217
AWPU-secondary (KS3) per pupil	£4,404	£4,404	£4,536
AWPU-secondary (KS4) per pupil	£4,963	£4,963	£5,112
FSM (primary/secondary)	£460	£460	£470
FSM6 (primary)	£575	£575	£590
FSM6 (secondary)	£840	£840	£865
IDACI A (primary)	£620	£620	£640
IDACI B (primary)	£475	£475	£490
IDACI C (primary)	£445	£445	£460
IDACI D (primary)	£410	£410	£420
IDACI E (primary)	£260	£260	£270
IDACI F (primary)	£215	£215	£220
IDACI A (secondary)	£865	£865	£890
IDACI B (secondary)	£680	£680	£700
IDACI C (secondary)	£630	£630	£650

NFF Funding Factors	2021-22 BCC rates	2021-22 NFF rates	Proposed 2022-23 NFF rates
IDACI D (secondary)	£580	£580	£595
IDACI E (secondary)	£415	£415	£425
IDACI F (secondary)	£310	£310	£320
Low prior attainment (primary)	£1,095	£1,095	£1,130
Low prior attainment (secondary)	£1,660	£1,660	£1,710
EAL (primary)	£550	£550	£565
EAL (secondary)	£1,485	£1,485	£1,530
Mobility (primary)	£900	£900	£925
Mobility (secondary)	£1,290	£1,290	£1,330
Lump sum (both sectors)	£117,800	£117,800	£121,300
Sparsity (primary)	n/a	£45,000	£55,000
Sparsity (secondary)	n/a	£70,000	£80,000
PFI (RPIX) %	3%	1.56%	tbc
MFG	1.91%	+0.5% - 2%	+0.5% - 2%

4.0 NFF for High Needs 2022-23

The NFF high needs funding to local authorities will increase by an 8% increase per head of population and capped up to 11% on gains.

Due to recent consultation on the high needs formula the historic spend factor has been updated to use 50% of local authorities' actual spend data from 2017-18 section 251 reporting. In previous years the historic spend factor had been calculated using local authorities planned spend in 2017-18 rather than actual spend. The DfE are looking at alternative proxies to include within the NFF formula and remove the historic factor in future years.

There is no appropriate 2020 attainment data due to Covid-19 to use for two low attainment factors, and after the recent consultation on using 2019 data as a proxy for 2020, this basis for the 2022-23 high needs allocation has been used, the same approach as schools NFF formula.

The hospital education factor will also be uplifted by 8% as in 2021-22.

5.0 Central schools' services NFF 2022-23

The central services school block provides funding to local authorities to carry out central functions on behalf of maintained schools and academies.

The block comprises of two elements: ongoing responsibilities and historic commitments and funding will continue for 2022-23.