

Revenue funding policy and National Funding Formulae in 2021-22

Presentation for local authority finance officers

16th September 2019



Department
for Education

Agenda

- **Section 1:** Overview of Schools NFF in 2021-22
 - Rolling in Grants
 - Sparsity factor
 - IDACI factor
 - LPA factor
 - Hard Formula
- **Section 2:** CSSB
- **Section 3:** High Needs update
- **Section 4:** Early Years update
- **Questions:** Teams sidebar or



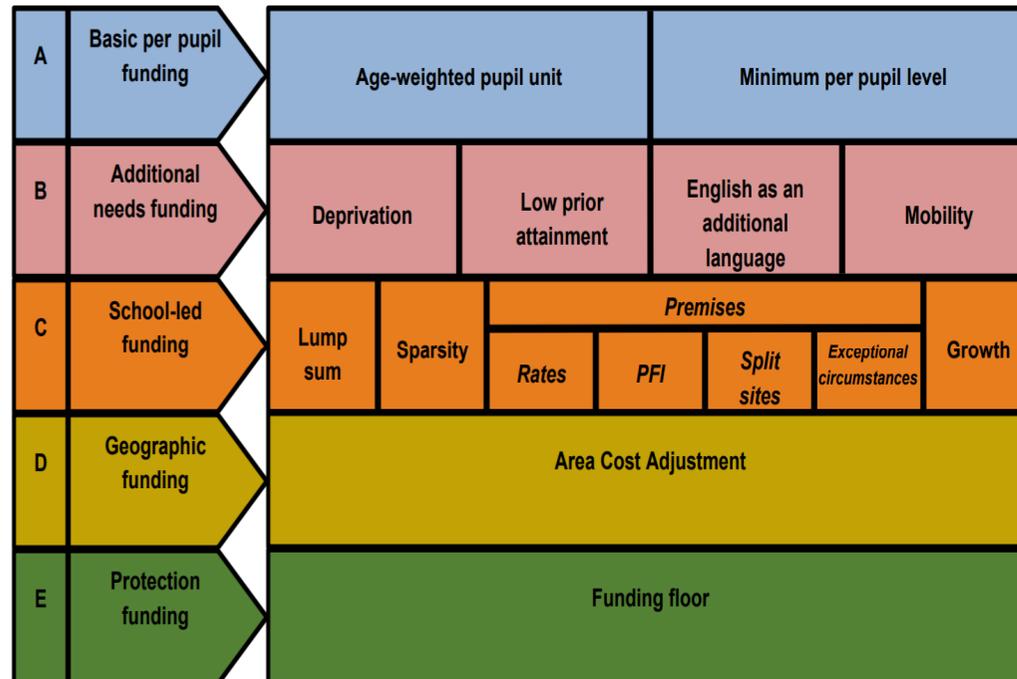
Section 1: **Schools NFF in 2021-22**



Overview

The overall structure of the formula is the same as in 2020-21.

- Key factors have increased by 3%.
- Exceptions to this are:
 - Primary MPPL
 - FSM
 - Floor
 - Sparsity primary
 - Growth
 - Premises



- Additional per pupil amounts have been added to AWPU and MPPLs in order to roll in grants (we'll come onto this).



1A. Rolling in Teachers' Pay and Pension Grants



Overview of grants rolled into the schools NFF

- **Teachers' Pay Grant (TPG)**

- The 2018 and 2019 teachers' pay awards.

- Methodology to calculate per pupil rates:

<https://www.gov.uk/government/publications/teachers-pay-grant-methodology/teachers-pay-grant-methodology>

- **Teachers' Pension Employer Contribution Grant (TPEG)**

- Increased employer contribution rates.

- Methodology to calculate per pupil rates:

<https://www.gov.uk/government/publications/teachers-pension-employer-contribution-grant-tpeg/pension-grant-methodology>



Methodology for rolling grant funding into the schools NFF

- **Aim of rolling in TPG and TPECG**
- **Methodology to achieve that aim**
 - Adding per pupil amounts onto the age-weighted pupil (AWPU).
 - Adding the same per pupil amounts to the MPPLs.

	TPG	TPECG	Total grants
Primary	£47	£133	£180
Secondary	£69	£196	£265

* Based on the per pupil grant rates for the rest of England area

- Adding an amount representing the funding schools receive through the grants *and* supplementary fund onto baselines.



1B. Sparsity factor



Changes in 2021-22 and Impact

- **Change to factor values for 2021-22**
 - Prioritised small, remote primary schools.
- **Impact**
 - Greater overall allocation.
 - Similar group of schools attracting funding as in 2020-21, due to not changing eligibility.



Proposed further changes to the sparsity factor in 2022-23

- **Confirmed:**
 - Further increases to factor values
- **To be determined:**
 - Size of increase to factor values, by phase
 - Design of factor:
 - Methodology to measure sparsity distances;
 - Thresholds;
 - Exceptional sparsity funding.



1C. Income Deprivation Affecting Children Index (IDACI) factor



Changes to IDACI in 2021-22

- **IDACI funding in the 2021-22 NFF is based on the updated 2019 dataset.**
- **Key points from the 2019 dataset:**
 - Deprivation continues to be dispersed;
 - Majority of most deprived LAs remained the same;
 - The most deprived local authorities on this measure are typically found in the Midlands or the north of England.



Changes to IDACI in 2021-22

- **Banding is now based on ranks not scores**

Previous:

NFF IDACI bands	
IDACI score	Band
Between 0.5 and 1	A
Between 0.4 and 0.5	B
Between 0.35 and 0.4	C
Between 0.3 and 0.35	D
Between 0.25 and 0.3	E
Between 0.2 and 0.25	F

Updated:

Factor	Ranks	Band
Pupils in the most deprived 2.5% of LSOAs	1 to 821	A
Pupils in the next 5% most deprived LSOAs	822 to 2463	B
Pupils in the next 5% most deprived LSOAs	2464 to 4105	C
Pupils in the next 5% most deprived LSOAs	4106 to 5747	D
Pupils in the next 10% most deprived LSOAs	5748 to 9032	E
Pupils in the next 10% most deprived LSOAs	9033 to 12316	F



Illustrative Examples

- 2020-21 (Based on **2015 IDACI data**): Primary School A

Pupil	LSOA Score	IDACI Band	Factor value
1	0.15	G	£0
2	0.212	F	£210
3	0.3	D	£375
4	0.275	E	£250
5	0.41	B	£435

- Based solely on these 5 pupils, School A would have attracted £1,270 in total in 2020-21.
- We now determine bands based on rank positions of LAs.

- 2021-22 (Based on **2019 IDACI data**): Primary School B

Pupil	LSOA Score	IDACI Rank	IDACI Band	Factor value
1	0.15	14,044	G	£0
2	0.235	7,767	E	£260
3	0.3	4,367	D	£410
4	0.275	5,584	D	£410
5	0.34	2,908	C	£445

- Based solely on the same 5 pupils, School A will have attracted £1,525 in total in 2021-22.



1D. Low Prior Attainment (LPA) factor



Overview of LPA factor and NFF weightings in 2021-22

- **Eligibility**

- Based on EYFSP and KS2 data.

- **Factor values**

- Primary: £1,095; Secondary: £1,660

- **Weighting**

- More challenging KS2 tests introduced in 2015/16.
- 2021-22 NFF weightings:

For pupils in year 7 in October 2019:	0.64527
For pupils in year 8 in October 2019:	0.63586
For pupils in year 9 in October 2019:	0.58045
For pupils in year 10 in October 2019:	0.48019
For pupils in year 11 in October 2019:	1



1E. Hard Formula



Plan regarding hard NFF

- **Movement to NFF**
- **Things we've already confirmed:**
 - No further changes to local flexibility over school funding in 21-22.
 - Consultation in the near future.
- **Things yet to be confirmed, and to be consulted on:**
 - How we will transition to the hard NFF.
 - Hardening individual factors between now and 2024-25.
 - Arrangements for particular funding streams (CSSB, Growth).



Schools NFF Q&A



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Section 2: **Central School Services Block** **(CSSB)**



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CSSB Update

- **Ongoing responsibilities**

- National 21-22 budget of c.£257m (up 3.8%).
- LAs will have the same floor as in previous years of -2.5%, and the gains cap set at the maximum affordable rate of 6.45%
- Additional pension funding claimed for centrally employed teachers will be rolled in as a per-pupil additional amount in the DSG.

- **Historic commitments**

- 20% cash reduction to each LA's allocation, compared to 20-21.
- Same protection as in 2020-21 whereby historic commitments funding cannot fall below the total value of ongoing termination of employment and prudential borrowing costs.
- We will apply this protection in the DSG and LAs in this position should contact: FundingPolicy.QUERIES@education.gov.uk.



Section 3: **High Needs NFF in 2021-22**



High Needs NFF Overview

- **Main changes for 2021-22:**
 - Limit on gains reduced to 12%, but funding floor remaining at 8%
 - Incorporating the new IDACI data as mentioned previously
 - Rolling in the teachers' pay and pensions grants and supplementary fund
- **Teachers' pay and pensions funding:**
 - £660 per pupil added to the basic entitlement factor – to be updated with October school census numbers in December
 - New factor for the teachers' pay and pensions grant funding paid to AP and hospital schools, and the pensions supplementary fund – to be updated later in 2021 to annualised level of 2020-21 funding paid through the grants and supplementary fund



Local distribution of teachers' pay and pensions funding

- **Basic principle is that schools should not see a reduction in this funding unless the place numbers are reduced** (subject to the 40 place minimum)
- **Proposed additional DSG conditions of grant:**
 - a. The local authority must allocate high needs funding to those maintained schools, academies and free schools to which it allocated Teachers' Pay Grant, Teachers' Pensions Employer Contribution Grant and Pensions Supplementary Fund monies in 2020-21, unless those schools have closed. The amount of funding to be allocated must be both at a level no less than the amount per place those schools and academies received in 2020-21, and subject to the 40 place number minimum.
 - b. This additional high needs funding must not result in a reduction to the number of places for which £10,000 per place is allocated to a school or to the top-up funding in respect of individual pupils, and must be disregarded in applying the protection for special schools set out in paragraph X.



High needs NFF review

Planning to carry out a review of the high needs NFF:

- Promised a review within 4 years
- A review of the factors, including the historic spend factor, and the weightings applied
- We will consult on any changes proposed, with the initial focus on any changes for 2022-23 – consultation timings not yet decided
- Need to take into account the conclusions of the SEND review and longer term changes to the SEND system, so we may need subsequent consultations covering further changes



High Needs NFF Q&A



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Section 4: **Early Years Update**



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Early years funding – funding for autumn 2020 term

- On 20 July 20 we announced we will continue paying LAs for the childcare places they usually fund.
- Our guidance to LAs sets out that:
 - LAs should continue to fund early years providers who are open and offering their usual entitlements places at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus outbreak.
 - In addition, LAs should continue to fund providers which have been advised to close, or left with no option to close, for public health reasons.
 - But, LAs should not fund providers who are closed in the autumn term for non-public health reasons.
- Guidance is available at: <https://www.gov.uk/government/publications/use-of-free-early-education-entitlements-funding-during-the-coronavirus-outbreak>



Early years funding – How LAs will be funded in 2020-21

- Normally we would use the January 2021 census data for funding allocations for the 2020 autumn term. By exception, we will use the January 2020 census data for funding allocations to LAs for the autumn term 2020.
- We expect local authorities to pass that support onto providers who are open, but may not be as full as usual.
- We intend to return to the normal early years funding process from the start of 2021. This means we intend to use the January 2021 census count to drive funding allocations for the 2021 spring term. It is also our expectation that local authorities' funding to childcare providers will return to the normal approach for all providers from 1 January 2021. However, we will keep this under review and confirm the approach in further guidance in the autumn.



Contact Details:

Fundingpolicy.queries@education.gov.uk

For queries regarding policy and the CSSB.

For queries about actual allocations, the APT, or other things of a more operational nature, please continue to use the ESFA contact form.



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