

# School Budget Modelling and National Funding Formula (NFF)

## Key Messages

Forum members are asked to:

- Agree on the implementation of the proposed funding Model 3, agreed by the Funding Working Group

## 1. Introduction/background

- 1.1. In the Summer Term the DfE consulted on how, and how quickly, Local Authorities should move towards the National Funding Formula (NFF) funding levels, the results of this are not published yet and are due at the end of the Autumn Term.
- 1.2. The Local Authority would have flexibility during 2022-23 in the way they design their local funding formula, in line with the national framework, with a view to moving towards the NFF in 2023-24 onwards.
- 1.3. The Funding Working Group met during the Autumn Term to discuss the principles to be used in setting the funding strategy for the schools' indicative budget shares for 2022-23.
- 1.4. The main principles set were:
  - Maintain the national level Primary/Secondary sector ratio of 1:1.29 as NFF.
  - Keep AWPU Stable in Primary and in line with NFF for Secondary.
  - Ensure ALL schools gain by optimising MFG use.
  - Re-align social deprivation more in line with NFF as affordable.

## 2. Models Produced

- 2.1. The Schools Block illustrative figure for 2022-23 is set at £393m compared to £383m in 2021-22, and this figure is still based on the October 2020 Census data, which will be updated at the end of December 2021. An increase of £10.4m.
- 2.2. The additional cash the models are based on is £10.1m, taking account of the additional £300k that was used from the Growth Fund to support growth in the new and growing schools.
- 2.3. After numerous models were produced, with varying degrees of movement between social deprivation and AWPU, plus keeping the NFF levels in line, three models were put forward by the Funding Working Group. The three models produced were in line with the principles set of keeping the AWPU

stable and in line with NFF for secondary, all schools seeing an increase via MFG, and re-aligning social deprivation to be more in line with NFF.

- 2.4. The three models have social deprivation more aligned to the 60/40 % figures for FSM/Ever6 and IDACI respectively, and an MFG ranging from 0.5% to 2%.
- 2.5. The £10.1m available was distributed as below, keeping to the sector ratio of 1:1.29 Primary / Secondary fundamental principal.

- £4.5m to £4.8m (Models 1-3) was required to keep our originally aligned NFF factors in line and pay for minimum funding levels and MFG costs.
- £5.6m to £5.2m (Models 1-3) (£4.5m being Primary funding) invested in re-aligning social deprivation.
- As more funding is required for minimum funding levels and MFG, less is driven through social deprivation.

	Model 1 – MFG 0.5%	Model 2 – MFG 1%	Model 3 – MFG 2%
AWPU + NFF Align	£4.48m	£4.52m	£4.85m
Social Deprivation	£5.60m	£5.56m	£5.23m

- 2.6 Full budget share modelling figures, for individual schools, can be found in **Appendices 1 and 2.**

### 3. Impact of Modelling

- 3.1. All models will support schools with higher levels of social deprivation (SD) in varying degrees, more than those that don't due to the investment running through SD.
- 3.2. **Model 1** supports schools with high and moderate levels of social deprivation the most, but is less favourable for smaller schools or schools with low levels of social deprivation as the MFG is set at only 0.5%, meaning that some schools would only receive an increase of about £3k compared to £92k by schools with high levels of social deprivation.
- 3.3. **Model 2** still supports schools with high levels of SD, but now starts to support the smaller low-level schools more as the MFG is set at 2%. Range increases are now from £7k to £90k.
- 3.4. **Model 3** is the recommended model. This model still provides a healthy increase for schools with high and moderate levels of social deprivation, but also provides a more significant increase for small schools with low levels of SD. Range increase is now £14k to £86k. This model sees more schools gaining at an optimum level, and although the schools with high levels of SD are gaining less, the increase is still substantial.

### 4. Recommendations

Forum members are asked to:

- Approve Model 3 for implementation in producing Schools Budget Shares for 2022-23.