



Department
for Education

The national funding formulae for schools and high needs

2022-23

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Background

1. The Government is committed to its mission to provide a world-class education for all children, irrespective of their backgrounds, and to level up opportunity so that all children can realise their potential, preparing them for a fulfilling and successful adult life. In light of the COVID-19 pandemic, which has caused unparalleled disruption to the education of our nation's children and young people, this commitment is now more important than ever.
2. We have supported that commitment with the largest cash increase for schools in a decade. Core school funding increased by £2.6bn in 2020-21, and is increasing by £4.8bn and £7.1bn in 2021-22 and 2022-23 respectively, compared to 2019-20, including significant additional funding for children with special educational needs and disabilities. Now, by publishing provisional school and high needs funding allocations for 2022-23, we are delivering the final year of that three year funding commitment.
3. These allocations are separate to the three major interventions we have made to support education recovery in response to the COVID-19 pandemic – worth over £3bn in total. The education recovery support is a multi-billion-pound, ambitious package across early years, schools and colleges which will provide 100 million hours of tutoring for 5–19-year-olds and 500,000 training opportunities for teachers. That is provided on top of the core schools funding allocations announced today.
4. Next year, school funding is increasing by 3.2% overall. The national funding formula (NFF) continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The NFF is levelling up school funding: increasing core factors of the formula by 3%, while ensuring that every school is allocated at least 2% more funding per pupil.
5. In 2022-23 we are also significantly increasing the extra support the NFF provides for small and remote schools. The maximum amount of sparsity funding schools can attract through the NFF is increasing by £10,000, to £55,000 for primary schools and £80,000 for all other schools. We are also improving the accuracy with which we identify schools' remoteness by using road distances instead of straight line distances in our calculations, and introducing a new distance "taper". This will significantly increase the number of schools attracting sparsity funding. As a result the total allocation to small, remote schools through the sparsity factor has more than doubled, from £42 million in 2021-22 to £95 million in 2022-23.
6. We are also introducing further changes to improve the operation of the schools NFF. These include:
 - Decreasing the funding lag for the "FSM6" deprivation funding factor by 9 months, by moving from using the previous year's January census to the

October census for measuring eligibility. This increases the amount of funding allocated for deprivation in the NFF through this factor to £1,369 million in 2022-23.

- Centralising the business rates payment system for schools, so that ESFA will pay billing authorities directly on behalf of state funded schools. This will simplify the process and decrease administrative burdens for schools.
7. High needs funding is increasing by £780m, or 9.6%, in 2022-23 – following the over £1.5 billion increase over the last two years. This brings the total high needs budget to £8.88 billion. The high needs NFF will ensure that every local authority receives at least an 8% increase per head of population, and up to 11%. This vital extra resource will continue to help local authorities manage their cost pressures in this area, while the government remains focused on completing the cross-departmental review of the SEND system to ensure that it supports children and young people with SEND as efficiently and effectively as possible.
 8. Following the responses to the high needs formula consultation we have made technical changes to the historic spend factor within the high needs national funding formula. The factor has been updated to use 50% of local authorities' actual spend data in 2017-18 rather than their planned spend.
 9. In parallel with the changes being implemented for 2022-23, the Government is in the process of [consulting on how we complete our reforms of the NFF](#) for mainstream schools whereby individual school budgets would be set through one single national formula - rather than through 150 separate, and different, local authority funding formulae. The proposals in that consultation would be implemented in future years – not 2022-23.
 10. This document sets out the main changes to the National Funding Formulae in 2022-23. Annex A also provides an overview of the schools NFF as it stands in 2022-23 following changes made in previous years. Annex B details the structure of the high needs national funding formula in 2022-23. Annex C covers the initial response to the consultation on high needs funding for 2022-23.
 11. For more detailed information, please see the [schools, high needs and CSSB technical notes](#).

The national funding formula for schools

12. The basic structure of the schools national funding formula (NFF) is not changing in 2022-23. For 2022-23, we have changed a small number of the existing features of the formula. These are outlined below. A full description of the 2022-23 formula, in light of these changes, is set out in Annex A.

Increasing funding factor values

13. The additional money we have invested in schools for 2022-23 means that we can increase the core factors in the NFF – the basic per pupil funding factor (AWPU), additional needs factors and the school lump sum – by 3%.¹
14. The minimum per pupil levels and the NFF funding floor are increasing by 2%. This means that every school will attract an increase in their pupil-led funding of at least 2% per pupil, compared to their baseline. The free school meals factor will also increase by 2%, as the factor value is based on an estimate of the actual cost of providing school meals.
15. Premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2021-22 APT, with the PFI factor increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Supporting small and remote schools

16. The Government is committed to supporting small and remote schools; some schools are necessarily small because they are remote and do not have the same opportunities to grow or make efficiency savings as other schools. Small and remote schools attract additional funding through the “sparsity” factor in the schools NFF.
17. Building on the additional support provided in 2021-22, the Government is going further by increasing both the number of schools attracting additional support and the amount they can attract:
 - The maximum amount of sparsity funding schools can attract through the NFF increases by £10,000, to £55,000 for primary schools and £80,000 for all other schools.

¹ The factor values have been uplifted by 3% and then rounded.

- Schools' sparsity distances will be calculated by road journeys, replacing the previous straight-line distance methodology. This will improve the accuracy with which we identify schools' remoteness and significantly increase the number of schools attracting sparsity funding.
 - A new sparsity distance threshold taper will apply. This means that schools whose sparsity distance is between 1.6 and 2 miles (for primary schools) or 2.4 and 3 miles (for secondary schools) will now attract some additional funding through the sparsity factor.
18. As a result of these changes, the total allocation to small, remote schools through the sparsity factor has increased to £95m in 2022-23, £53m more than in 2021-22, and over 2,500 schools have attracted sparsity funding in 2022-23, over 1,300 more than in 2021-22.
19. Further details are available in the [response to the sparsity consultation](#), published alongside this policy document.

Further changes to NFF factors

20. **The free school meals Ever 6 (FSM6) factor** in the NFF provides additional funding for pupils who are, or have been, recorded as eligible for free school meals at any point in the last 6 years. From 2022-23, data on pupils who are eligible is taken from the most recent October census (October 2020) instead of from the preceding January census (January 2020). This brings the FSM6 factor in line with how other NFF factors are calculated, and shortens the FSM6 funding lag in the NFF by 9 months. As FSM eligibility increased between January and October last year, this increases the amount of funding allocated through the FSM6 factor to £1,369 million in 2022-23.
21. For **the low prior attainment (LPA) factor** in the NFF, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) assessments have been used as a proxy for the 2020 assessments, following the cancellation of these assessments due to the pandemic. This is consistent with how the LPA factor was calculated in local formulae in 2021-22.
22. Eligibility for **the mobility factor** is usually determined based on the census in which pupils first appear at their current school. In light of the cancellation of the May 2020 census, pupils who joined a school between January and May 2020 attract funding for mobility on the basis of their entry date, rather than by virtue of the May school census being their first census at the current school.

Completing our reforms of the national funding formula

23. Since its introduction in 2018-19, the schools NFF has replaced the postcode lottery of the past to ensure that funding is distributed on the basis of schools' and pupils' characteristics, not accidents of history or location. The government is committed to completing these reforms by moving to a system whereby individual schools' budgets are set by reference to the national formula, rather than through 150 independently-set, and differing, local authority funding formulae. This will ensure that schools across the country are funded on a comparable basis, as well as create a simpler, more transparent and more predictable funding system.
24. The ongoing consultation on "[Fair school funding for all: completing our reforms to the National Funding Formula](#)" sets out the government's proposal for how we should move to such an approach, and how the NFF should operate once it is fully implemented. **No new restrictions on local authority formulae are proposed for 2022-23**, so as not to disrupt local authorities' planning processes. Instead, we propose that further requirements on LA formulae are introduced from 2023-24. We strongly encourage all those with an interest to engage with this consultation.

Key features of the local funding formulae

25. We have made minimal changes to the rules governing how local authorities set their local funding formulae in 2022-23.
26. Further to the [consultation on changes to the payment process of schools' business rates](#), the **business rates** payment system for schools will be centralised and ESFA will pay billing authorities directly on behalf of state funded schools from 2022-23 onwards. Further details on this will be issued separately within the formal consultation response over the summer.
27. Local authorities will continue to set a **minimum funding guarantee** in local formulae, which in 2022-23 must be between +0.5% and +2%. This allows them to match the protection in the NFF, which we expect local authorities to continue to do where possible.
28. **The sparsity factor** continues to be an optional factor in local authority funding formulae and the same flexibilities and reasons for applications that were present in 2021-22 remain in place in 2022-23. In addition, local authorities can choose to mirror the new distance taper threshold. We have provided guidance on this for local authorities in the school funding operational guide.
29. For the **low prior attainment factor** in local funding formulae, local authorities will use 2019 assessment data as a proxy for both the 2020 and 2021 reception and year 6 cohorts. This follows the cancellation of assessments in 2020 and 2021 due

to COVID-19, and will be reflected in the data local authorities will receive from the department.

30. Finally, local authorities will again be able to **transfer up to 0.5%** of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without schools forum approval. The criteria the department apply when considering such requests are available in the [school funding operational guide](#).

Factor values and total spend in 2022-23

	Unit Values	Total Funding (incl ACA)	Proportion of core total
Basic per pupil Funding		£29,862m	76.3%
AWPU		£29,490m	75.4%
Primary AWPU	£3,217	£14,821m	37.9%
KS3 AWPU	£4,536	£8,624m	22.0%
KS4 AWPU	£5,112	£6,045m	15.5%
Minimum per pupil		£372m	0.9%
Primary Minimum Per Pupil funding	£4,265	£279m	0.7%
Secondary Minimum Per Pupil funding	£5,525	£92m	0.2%
Additional Needs Funding		£6,662m	17.0%
Deprivation		£3,566m	9.1%
Primary FSM	£470	£453m	1.2%
Secondary FSM	£470	£282m	0.7%
Primary FSM6	£590	£639m	1.6%
Secondary FSM6	£865	£730m	1.9%
Primary IDACI A	£640	£99m	0.3%
Primary IDACI B	£490	£147m	0.4%
Primary IDACI C	£460	£135m	0.3%
Primary IDACI D	£420	£118m	0.3%
Primary IDACI E	£270	£143m	0.4%
Primary IDACI F	£220	£109m	0.3%
Secondary IDACI A	£890	£86m	0.2%
Secondary IDACI B	£700	£136m	0.3%
Secondary IDACI C	£650	£127m	0.3%
Secondary IDACI D	£595	£111m	0.3%
Secondary IDACI E	£425	£148m	0.4%
Secondary IDACI F	£320	£104m	0.3%
Low Prior Attainment		£2,640m	6.7%
Primary LPA	£1,130	£1,497m	3.8%
Secondary LPA	£1,710	£1,142m	2.9%
English as an Additional Language		£412m	1.1%
Primary EAL	£565	£307m	0.8%
Secondary EAL	£1,530	£105m	0.3%
Mobility		£44m	0.1%
Primary Mobility	£925	£35m	0.1%
Secondary Mobility	£1,330	£9m	0.0%
School Led Funding		£2,599m	6.6%
Lump Sum		£2,503m	6.4%
Primary lump sum	£121,300	£2,092m	5.3%
Secondary lump sum	£121,300	£411m	1.1%
Sparsity		£95m	0.2%
Primary sparsity	£55,000	£89m	0.2%
Secondary sparsity	£80,000	£7m	0.0%
Premises		£527m	1.3%
Area Cost Adjustment: Multiplier applied to basic per pupil, additional needs and school led funding (It is included in the factor subtotals)		£989m	
Core total (excluding funding floor)		£39,123m	
Floor		£497m	
Primary floor funding		£279m	
Secondary floor funding		£218m	
Total		£40,146m	

Figure 1: This shows the unit values, total funding and proportion of funding for each factor in the formula. Total funding is rounded to the nearest £1m. Proportion of core total funding is rounded to the nearest 0.1%. The secondary minimum per pupil factor value is based on a standard secondary school with 5 year groups. Growth funding is excluded from the table as this funding will be calculated using October 2021 census data.

The national funding formula for high needs

Updates to the high needs national funding formula in 2022-23

31. The national increase in high needs funding, from 2021-22 to 2022-23, will be £780 million, or 9.6%. This will ensure that all local authorities see increases in high needs funding in 2022-23, compared to 2021-22. The high needs NFF includes:
- **The funding floor** – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2022-23 we are continuing to keep the funding floor at 8%².
 - **The gains cap** – the limit on gains per head of the population compared to the baseline. For 2022-23 we are setting the gains cap at 11% which means that local authorities can see an increase of up to 11% before their gains are capped.
32. The basic structure of the high needs NFF for 2022-23 is not changing, so figure 3 in Annex B sets out the structure of the high needs NFF for 2022-23. However, some changes to individual proxy factors have been made to the high needs NFF for 2022-23.
33. Following the responses to the high needs formula consultation, the historic spend factor has been updated to use 50% of local authorities' actual spend data from 2017-18. In previous years the historic spend factor had been calculated using local authorities' planned spend in 2017-18 rather than their actual spend. The factor has been held at a cash-flat level since its introduction in the 2018-19 high needs NFF. Therefore, the increase in the total high needs quantum means that, even though authorities' total actual spend is more than the original baseline used in this factor (by £239m), the proportion of total funding going through the historic spend factor will reduce from 34% of the 2021-22 formula allocations to 32% in 2022-23. We will continue to look at reducing the significance of this factor in future years, with a view to removing it completely when we have alternative proxies to include within the formula.
34. Due to the Covid-19 pandemic, there is no appropriate 2020 attainment data to use for the two low attainment factors. We consulted on using 2019 data as a proxy for 2020, and have decided to proceed on this basis for the 2022-23 high needs allocations. This aligns with the approach taken in the schools NFF.

² The hospital education factor will also be uplifted by 8%.

35. Further information on the consultation responses and the conclusions we have reached is set out in Annex C.

The national funding formula for central schools services

The central schools services block in 2022-23

36. The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of maintained schools and academies.
37. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.
38. In the Department's consultation on "Fair school funding for all: completing our reforms to the national funding formula for schools", which was published in [July] 2021, we set out our aim to review how central services are funded in future, and invited comments on this, in advance of more detailed consultation proposals in due course. Such changes would be for future years, and for 2022-23 the formula for allocating the CSSB follows the same approach as in 2021-22.

Ongoing responsibilities

39. The CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. The total funding for ongoing responsibilities is £284m in 2022-23.
40. This element of the CSSB is calculated using a simple per-pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per-pupil factor, and 10% of funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools. As in the schools NFF, the FSM6 factor will move to being based on the October census, rather than the January census. Both elements will be adjusted for area costs.
41. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is at 2.5% as in the previous year, while the year-on-year gains cap will be set at the highest affordable rate of 5.6%.
42. In the 2021-22 DSG allocations, additional pension funding that local authorities have claimed for centrally employed teachers was rolled into the ongoing responsibilities element of the CSSB per pupil funding. For the 2022-23 CSSB this additional funding is now included in the baseline per pupil funding for ongoing responsibilities. No further adjustments will therefore be required in this respect.
43. Further details on the methodology used for the CSSB formula is set out in the 2022-23 NFF technical note.

Historic commitments

44. From 2020-21 we began to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013-14, and which have been unwinding since. This was in line with our reforms to move to a fairer funding system, and to avoid maintaining significant differences in funding indefinitely between local authorities which reflect historic decisions.
45. In 2022-23, for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2021-22 allocations, the same rate as the reduction in 2021-22.
46. We will also continue to protect any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the long lead-in times required for such costs to unwind. We will consider the evidence local authorities submitted for 2021-22 allocations and invite any other local authority in this position to [contact the department](#). We will make these exceptional adjustments for 2022-23 in the DSG allocations.
47. In the recently launched national funding formula consultation on completing our reforms to the schools NFF, we have set out our intentions for this funding in the future and invited views on it. We will consider the responses to this consultation in deciding how to treat this funding in future years, although our expectation remains that commitments will continue to unwind over time as contracts reach their end points. However, in 2022-23 we are not changing the requirement in regulations that authorities spend no more on these commitments than they did in the previous year; therefore, with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish.

Equalities Impact Assessment

48. The Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 requires the Secretary of State to give due regard to achieving the following objectives in exercising their functions:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

49. We have considered the impact on persons who share any of the protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. We have focused on those protected characteristics for which the impact is largest, and which are most closely tied to the distributional policy choices we are making. We use incidence of SEND as a proxy for disability in this analysis, as the two are highly correlated, and ethnicity as a proxy for race.

50. We introduced the NFF in 2018-19 after significant consultation and published a full equalities impact assessment.³ We are broadly continuing the implementation of this version of the NFF. Therefore, we have focused this assessment primarily on the key policy changes that are being made in 2022-23.

Schools NFF

Increasing the “core” NFF factors by 3%

51. We are increasing the “core” NFF factors by 3%, which affects the majority of schools. As the same 3% uplift would cover both the basic per pupil amount (AWPU) and the factors for additional needs, the balance between these factors remains broadly unchanged from before. There would therefore not be any disproportionate impact (either positive or negative) on pupils with protected characteristics.

Increasing the minimum per pupil levels

³ https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/supporting_documents/NFF_EqualityImpactAssessment.pdf

52. Increasing the minimum per pupil levels by 2% will benefit the lowest funded schools that do not otherwise attract these levels of funding through the other formula factors (i.e. for additional needs). These schools tend to have lower proportions of groups with protected characteristics than average.
53. However, these schools still tend to have some groups with protected characteristics, and the 2% increase will protect the support that these schools can give to those groups.

Increasing the funding floor

54. The increase to the funding floor in line with inflation will disproportionately benefit schools that have been more highly funded historically. These tend to be in urban areas, which are more ethnically diverse. They also have a higher occurrence of non-Christian faith schools. We assess that this will have a positive impact on these pupils.

Supporting small schools

55. We are directing more funding to small remote schools. A full impact assessment of the sparsity changes is published in the response to the consultation "[Schools NFF: Changes to sparsity funding from 2022-23](#)".
56. In summary, the changes are expected to:
- Have a positive impact on few pupils with **disabilities** as sparsity funding will continue to support the viability of small schools in rural areas, which in turn helps to mitigate the risk of pupils having to travel unreasonably long distances to their next closest school. Access to local education is likely to be particularly beneficial for children with disabilities, and there is a slightly greater proportion of pupils with SEN support or an EHC plan in sparse schools than schools nationally.
 - Have a **small positive impact** on some groups of pupils with protected characteristics related to race (including ethnicity). The overwhelming majority of pupils attending schools that attract sparsity funding are of white British ethnic origin (almost 90%). Pupils of Gypsy/Roma and traveller of an Irish heritage ethnic origins are very marginally overrepresented in schools that attract sparsity funding compared to the national average.

Technical changes to the NFF

57. We assess that the technical changes to the NFF will have a positive impact on equalities
- Basing the FSM6 factor on the October census instead of the January census will increase the number of pupils attracting funding through the FSM6 factor.

To the extent that there is a positive correlation between deprivation and ethnic minorities and SEND, this will have a positive impact on equalities.

- Changes to the mobility factor will prevent the cancellation of the May 2020 census from causing a significant drop in mobility funding. Mobility funding disproportionately benefits certain ethnic groups, particularly Gypsy, Roma and Travellers. This change will therefore have a positive impact on these groups.
- The low prior attainment (LPA) factor in the NFF disproportionately benefits pupils with SEND. The use of the 2019 assessment as a proxy for the cancelled 2020 assessments ensure that LPA funding can continue at similar levels to last year.

High needs NFF

58. We have considered the impact of the high needs distribution on people who share any of the protected characteristics. We have focused particularly on people with SEND given the high level of correlation between pupils with SEND and pupils with disabilities.
59. We introduced the high needs NFF in 2018-19 after significant consultation and a full equalities impact assessment. We are distributing the funding for high needs through the high needs NFF, and are not proposing any changes to the overall structure of the formula for 2022-23. Therefore, we have focused this assessment primarily on the aspects of the formula that have changed for 2022-23.
60. In recognition of the fact that all LAs are facing some pressures on their high needs budgets, we are allocating increased funding through the high needs NFF. We are distributing this increase in the following ways:
- **A funding floor set to 8%.** Thus, the minimum gains in per-head funding a local authority can receive compared to 2021-22 will be 8%.
 - **A gains cap set to 11%.** This is the limit in per-head gains that a local authority can receive compared to 2021-22.
 - **Increased funding through the remaining proxy factors.** We have distributed the remaining funding through the proxy factors. This is in line with how the formula has worked previously and means that LAs will receive their share of this remaining funding based on the proxy factors of need. These include health and disability factors reflecting any changes in the proportion of the local population of 2-18 year olds whose families receive disability living allowance because they are disabled. The proxy factors also include an amount of funding based on each local authority's previous spending, so that

funding can reflect patterns of provision and spending not otherwise captured through the formula and making sure that funding levels do not drive changes in the placement of disabled children to the detriment of the provision they need.

61. We expect this distribution of funding to provide both reasonable increases to all LAs as well as ensure stability through use of the formula. As a result, and subject to local decisions on how the funding is spent in making special provision, our assessment is that the additional funding will have a positive impact for those pupils identified as having SEND (which includes those with disabilities), by improving their ability to access the right educational provision and thereby addressing educational inequalities for children with SEND.
62. We have also considered the equalities impact of the changes that we have made to the historic spend factor and the low attainment factors within the formula. Our assessment of these changes can be seen in Annex C.

Central School Services Block NFF

63. The formula that allocates the central school services block funding is broadly unchanged for 2022-23; we do not expect this to have an impact on different groups of pupils, including those with protected characteristics.
64. The reduction to funding for historic commitments will affect some local authorities' ability to continue to deliver certain central functions as they have previously – this is a continuation of our established policy to unwind these commitments. The nature of this expenditure, relating to a wide range of individual decisions by different local authorities, means the impact of the reduction is very variable. Where authorities combine this funding with other sources to support certain services – for example, related to early intervention, programmes for vulnerable children or those with high needs – these may disproportionately benefit pupils with protected characteristics, such as those from ethnic minority backgrounds or with disabilities. If the reductions mean a local authority can no longer fund such services in the same way, this would represent a negative impact. In other cases, existing services may not be having any differential impact on protected groups, and their cessation would not have a particular impact in terms of equalities.
65. However, reducing this funding will address funding disparities to make the wider system fairer, so that educational provision for these pupils is based on need rather than historic decisions. Ultimately, prioritising funding for schools and high needs, which has significantly increased, benefits all areas and will respond to pupils' characteristics and needs. The impact on pupils with disabilities, in

particular, will be offset by the additional high needs funding that all authorities will receive in 2022-23.

66. Finally, we are not making any changes to the regulations that local authorities can spend the same amount on historic commitments that they did in the previous year. A local authority can therefore maintain spending on historic commitments at current levels using other funding where appropriate.

Overall impact

67. As noted above, each change has a specific impact and in some cases these work in different directions. For example, in relation to the schools NFF, the increase in funding for small and remote schools in the schools NFF is less likely to benefit pupils with protected characteristics, while the funding floor will have a positive impact. Overall, the distribution of funding in the schools and high needs NFF still significantly favours schools with high levels of additional needs, and therefore with higher incidence of pupils with certain protected characteristics, notably disability and ethnicity. We do not think these individual changes significantly shift the conclusions of the equalities impact assessment published at the point of introducing the NFF in September 2017.
68. The exception to this is the increase to high needs funding that all local authorities are seeing, which will have a positive impact on pupils with SEND in particular, and therefore on pupils with disabilities. This is a significant additional positive impact on these pupils beyond our previous assessment.

Annex A: The structure of the schools national funding formula (NFF) in 2022-23

Overall design of the formula

1. The schools NFF determines how we distribute core funding for 5–16 year-old pupils in mainstream schools.
2. The formula determines the funding each local authority receives. Under the current approach, local authorities then set their own formulae to distribute that funding across maintained schools and academies in their area – subject to certain constraints.
3. The funding formula is made up of 14 factors, as illustrated in the diagram below.
4. Approximately 93% of the schools NFF funding is allocated through ‘pupil-led’ factors. The ‘pupil led’ factors are determined by pupil numbers and pupils’ characteristics. The majority of this funding is allocated through the basic per pupil funding factor, which all pupils attract. The NFF allocates the rest of ‘pupil-led’ funding towards additional needs.

Figure 2 - Current NFF Funding Factors

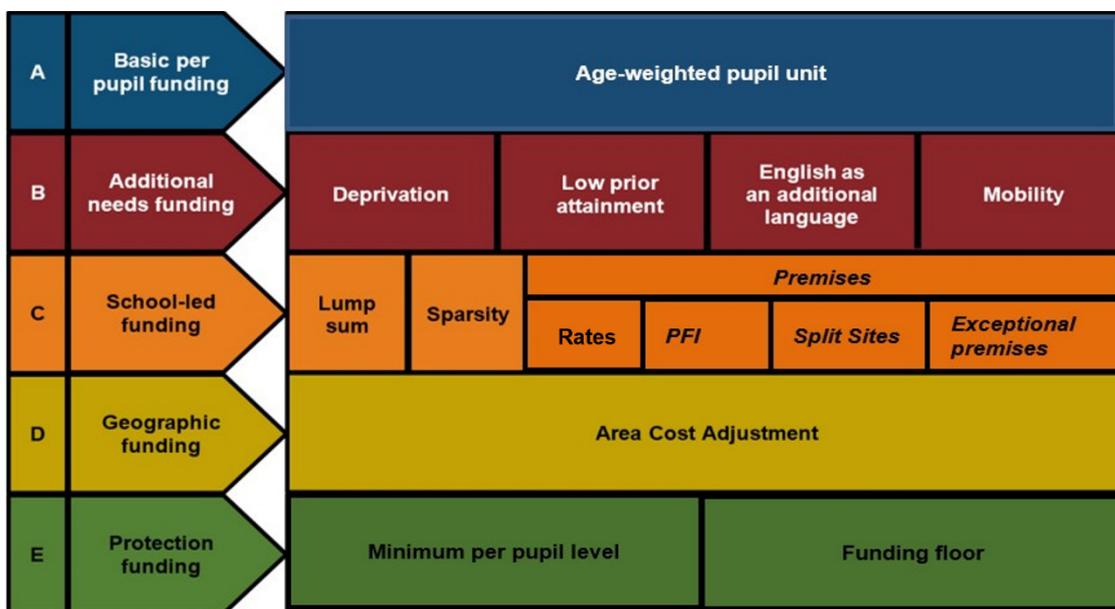


Figure 2: This illustrates the factors that are taken into account when calculating schools block DSG funding allocations through the NFF. It is not to scale. PFI, Split sites and Exceptional Premises factors are allocated to local authorities on the basis of historic spend.

5. Evidence shows that pupils with additional needs are more likely to fall behind and need extra support to reach their full potential. This is why the NFF allocates 17%

of all funding through additional needs factors based on deprivation, low prior attainment, English as an additional language and mobility.

6. Pupils attract funding for all the factors for which they are eligible. A pupil currently eligible for FSM attracts the amount provided through the FSM factor as well as the amount through the FSM Ever 6 factor. This also applies for children with any combination of multiple additional needs. That is not intended to imply that all such funding should be dedicated to the pupil who attracts it. An individual child who attracts deprivation funding, for example, may need more, or less support than the sum that they attract in the NFF. Rather, these additional needs factors are predominantly “proxy” factors, using the overall incidence of particular pupil characteristics to identify how much additional funding a school is likely to need, in total.
7. ‘School-led’ funding is allocated through various factors according to a school’s characteristics. All schools attract a lump sum of £121,300. Small and remote schools attract additional support through the sparsity factor. Other school-led funding reflects costs associated with a school’s premises and overheads through four separate factors: rates, split sites, private finance initiative (PFI) and exceptional circumstances.
8. An area cost adjustment (ACA) is applied as a multiplier to formula allocations to reflect higher costs in some parts of the countries, due to differences in salary costs.
9. Finally, the formula offers two different forms of protections for schools:
 - The minimum per pupil level guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the minimum per pupil level receives a top up to the minimum levels.
 - The funding floor protects schools from year-on-year funding decreases, by ensuring a minimum increase in pupil-led funding per pupil compared to the previous year.
10. The following sections give more detail on the design of the individual factors within the schools NFF.

Pupil led factors

Basic per pupil funding

11. 75.4% of the schools NFF is allocated through the basic per pupil funding, which every pupil attracts. The amount varies by age. In the 2022-23 NFF pupils in

reception to year 6 attract £3,217; pupils in year 7 to year 9 attract £4,536, and pupils in year 10 and 11 attract £5,112.

Additional needs factors:

Deprivation

12. The NFF allocates 9.1% of all its funding to deprived pupils. Pupil deprivation is based on three deprivation measures – current Free School Meal (FSM) eligibility, FSM eligibility at any time in the last 6 years (“FSM6”), and the level of deprivation in the postcode where the pupil lives, which is measured using the Income Deprivation Affecting Children Index (IDACI).
 - o FSM
13. Schools attract £470 for all primary and secondary pupils who are eligible for free school meals. This funding is broadly intended to cover the cost of providing free meals for each eligible pupil.
14. A pupil is eligible for FSM if they meet the criteria set out in: [Free school meals: guidance for schools and local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/free-school-meals-guidance-for-schools-and-local-authorities).
 - o FSM6
15. All pupils who are recorded as eligible for free school meals, or who have been at any point in the last six years, attract funding through the “FSM6” factor. Schools attract £590 for each primary pupil and £865 for each secondary pupil eligible for FSM6 funding.
 - o IDACI
16. The NFF allocates 3.7% of its funding to pupils eligible for IDACI funding. This funding is based on the IDACI 2019 area-based index measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into seven bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A-F, with more funding directed to pupils in the more deprived bands⁴.
17. The IDACI bands are set out in the table below.

⁴ The boundaries of these bands are based on the proportions of LSOAs (small areas) in each band and are defined by rank.

Band	A	B	C	D	E	F	G
Proportion of LSOAs in each band	2.5%	5%	5%	5%	10%	10%	62.5%
Primary unit value	£640	£490	£460	£420	£270	£220	£0
Secondary unit value	£890	£700	£650	£595	£425	£320	£0

18. The table shows that 2.5% of LSOAs are placed in IDACI band A which attracts the highest funding, 5% in IDACI band B attracting the second highest level of funding, and so forth. 62.5% of LSOAs are in band G which does not attract any additional funding.

Low Prior Attainment

19. We are allocating 6.7% of the NFF in respect to pupils with low prior attainment (LPA).

20. Primary school pupils who have not achieved the expected level of development in the Early Years Foundation Stage Profile assessment (EYFSP) and secondary pupils who have not achieved the expected standard in Key Stage 2 at either reading, writing or maths attract £1,130 and £1,710 respectively⁵.

English as an additional language

21. The pupils eligible to attract funding through the NFF English as an additional language (EAL) factor are those recorded as having entered state education in England during the last three years, and whose first language is not English. 1.1% of the NFF is allocated through the EAL factor.

22. Schools attract £565 for all EAL-eligible primary pupils, and £1,530 for all EAL-eligible secondary pupils.

Mobility

⁵ For 2020 where these assessments have been cancelled, schools are allocated funding based on the previous year's results.

23. 0.1% of the total NFF funding goes to pupils eligible for mobility funding.
24. The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.
25. Pupils are classed as mobile if they joined the school at a 'non typical' date within the last three years. Schools attract £925 for eligible primary pupils, and £1,330 for eligible secondary pupils, above a threshold of 6% of the schools' pupil numbers (i.e., where more than 6% of a school's pupil are classified as mobile).

School-led factors

Lump Sum

26. Every school attracts a lump sum of £121,300 through the NFF irrespective of its size or phase. The total spend on the lump sum represents 6.4% of the NFF.

Sparsity funding

27. 0.2% of the NFF is allocated through the sparsity factor, for small and remote schools.
28. Eligibility for sparsity funding depends on the distance the pupils living closest to the school would have to travel to their next nearest school, and the average number of pupils per year group.
29. A school is eligible for sparsity funding if:
 - For all the pupils for whom it is the nearest "compatible" school⁶, the average distance from the pupils' homes to the second nearest compatible school is above the relevant distance threshold. From 2022-23 these distances are measured using road distance measures. The main distance thresholds are 3 miles for secondary schools and 2 miles for all other schools, with the distance threshold taper set at 20% below each threshold (2.4 miles at secondary, 1.6 miles for other schools).
 - The average year group size is below the appropriate year group threshold. This threshold is 21.4 for primary schools, 69.2 for middle schools, 120 for secondary schools and 62.5 for all-through schools.
30. Primary schools qualifying attract up to £55,000 and all other schools up to £80,000. Schools with a lower number of pupils attract a higher amount than those

⁶ A compatible school means one of the relevant phases which a pupil could attend. Selective grammar schools are not considered when identifying the second nearest compatible school, but faith schools are included.

closer to the year group threshold. In addition, schools with a sparsity distance between the distance threshold taper and main distance threshold will attract some sparsity funding – tapered by both size and how far away from the main distance threshold they are. Of two schools of the same size, one closer to the main threshold would receive more. The distance threshold taper mitigates the risk of year-on-year fluctuations in sparsity eligibility having a significant impact on a school's sparsity funding.

Premises

31. The NFF allocates funding to reflect the costs associated with a school's premises and overheads.
 - o Rates
32. From 2022-23, the payment of business rates will be centralised, with ESFA paying rates directly to billing authorities on behalf of schools. Local authorities will no longer be allocated funding for business rates, to meet the real costs of schools. Notional rates funding allocations will continue to feature in NFF allocation publications for local accounting purposes.
 - o PFI
33. The Private Finance Initiative (PFI) factor is funded on the basis of a local authorities' previous year's spending. Every year, we uprate this funding in line with the RPIX measure of inflation, to reflect most PFI contracts.
 - o Split Sites
34. This is intended to recognise the additional costs that schools that are spread over more than one site can face. Local authorities receive funding for the split site factor on the basis of spend in the previous year.
 - o Exceptional Circumstances
35. The exceptional circumstances factor is included in the formula so that, where local authorities have had approval from ESFA to direct additional funding to a small number of schools with significant additional premises costs, this is taken into account when determining their funding. Local authorities receive funding for this factor on the basis of their spend in the previous year.

Growth funding

36. In addition to the core funding allocated through the NFF, we also provide growth funding to local authorities to manage increases in pupil numbers. The NFF operates on a lagged funding basis whereby schools receive funding in a given year based on pupil numbers from the year before. Local authorities can use the

growth funding they are allocated to support schools to manage an increase in pupil numbers before the lagged funding system has caught up.

37. Growth funding is distributed based on the actual growth that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the most recent October pupil census, and the census in the previous October.
38. Local authorities' growth funds can only be used to:
 - support growth in pre-16 pupil numbers to meet basic need.
 - support additional classes needed to meet the infant class size regulation.
 - meet the revenue cost of new schools.

Area Cost Adjustment

39. The area cost adjustment (ACA) in the schools NFF reflects variations in labour market costs across the country by taking into account the general labour market trends and the particular salary variations in the teaching workforce.
40. It is a combination of:
 - a. A teacher pay cost adjustment, to reflect the differences in the basic pay ranges between the four regional pay bands for teachers and
 - b. A general labour market (GLM) cost adjustment, to reflect geographical variation in wage costs for non-teaching staff.
41. The NFF's ACA is calculated for each local authority by:
 - a. Weighting the relevant teacher-specific cost adjustment in line with the national proportion of spend on teaching staff in mainstream schools (54.2%).
 - b. Weighting the relevant GLM labour cost adjustment in line with the national proportion of spend on non-teaching staff in mainstream schools (27.7%).
42. Nationally the ACA ranges between 1.00 and 1.19. Some local authorities – those that are partly in 'London Fringe' areas – contain both districts that receive an ACA, and districts that do not. Whether schools in these local authorities receive an uplift will depend on the local district area in which the school is located.

Protective elements of the NFF

Minimum per pupil levels

43. The minimum per pupil level (MPPL) guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the MPPL receives a top up to the minimum levels.
44. The MPPL varies from school to school depending on the year groups they have. The unit values per year group are £4,265 for primary year groups, £5,321 for KS3 and £5,831 for KS4.⁷ Each school's MPPL is calculated as a weighted average of the number of year groups they have.
45. This means that the MPPL is £4,265 for primary schools, and £5,525 for secondary schools with year groups 7 to 11. And for middle schools and all-through schools, an MPPL is set based on the specific year groups that they educate.
46. The MPPL values are compulsory in LA funding formulae, which determine actual funding allocations for maintained schools and academies. Academy trusts have flexibilities over how the funding they are allocated in respect of their individual academies is then distributed across academies in their trust. This means that, in some cases, an academy could receive a lower per-pupil funding amount than the MPPL value. This may reflect, for example, activities that are paid for by the trust centrally, rather than by individual academies.

The funding floor

47. The funding floor ensures that a school's funding is protected year on year, and that all schools attract a minimum uplift to their pupil-led per pupil funding even where the core formula factors indicate that their funding should be lower.
48. In 2022-23, the formula ensures that all schools attract an increase of at least 2% in pupil-led funding per pupil compared to 2021-22.
49. LA funding formulae must include a minimum funding guarantee (MFG), that provides a similar protection to the funding floor. In 2022-23, the MFG can be set between 0.5% and 2%.

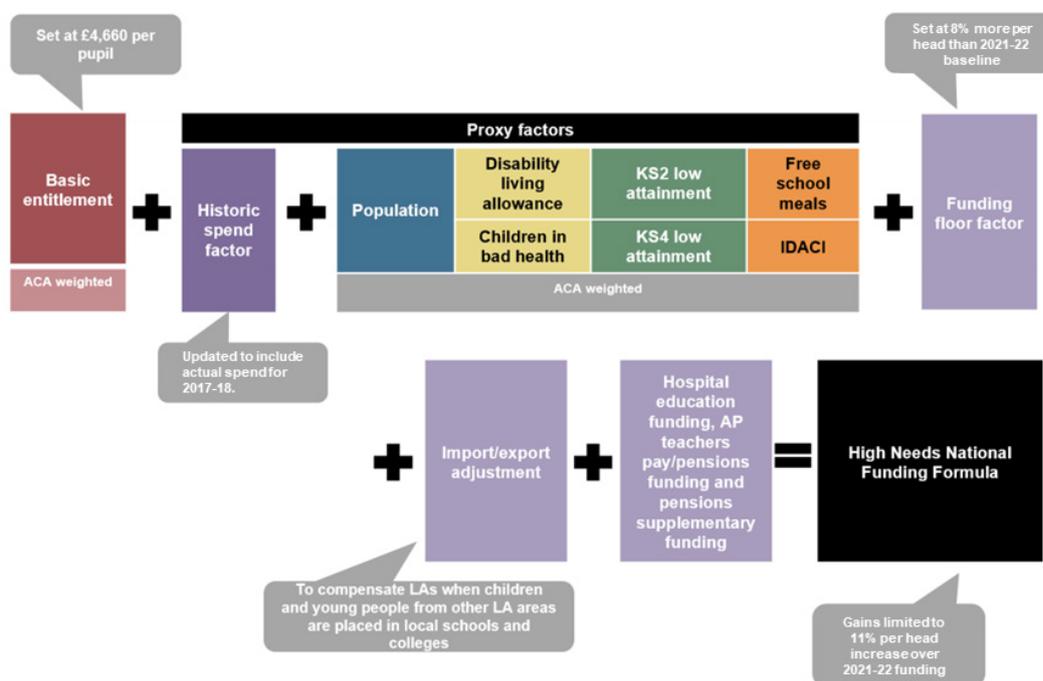
⁷ These funding levels includes £180 for primary year groups and £265 for secondary year groups added to the grant in 2021-22 to reflect the rolling in of previous pay and pensions grants into the NFF.

Annex B: The structure of the high needs national funding formula (NFF) in 2022-23

Overall design of the formula

1. The high needs national funding formula (NFF) has been used to allocate high needs funding to local authorities since 2018-19. This funding supports provision for children and young people with special educational needs and disabilities (SEND) from ages 0-25 years. It also supports alternative provision (AP) for pupils of compulsory school age who, because they have been excluded or suspended, or because of illness or other reasons, cannot receive their education in mainstream or special schools.
2. The formula consists of 12 factors designed to indicate the level of need within a local authority. These can be seen in figure 3 below. The formula factors have been chosen to capture both the nature of the local SEND system (reflecting local circumstances, for example the number of special schools in the area) and the characteristics of the children and young people living in the area.

Figure 3 – the structure of the high needs NFF



3. The basic entitlement factor and the historic spend factor are designed to reflect aspects of the local SEND system. The basic entitlement factor gives a set amount of funding (£4,660) per-pupil based on the number of pupils in special schools (including those in independent special schools), performing the same

role as its counterpart within the mainstream schools NFF. The historic spend factor provides every local authority with a set percentage (50%) of their 2017-18 spending on high needs to reflect past spending patterns, given the constraints that the local demand for and supply of provision will continue to place on future spending. As explained in paragraph 33 above, we have updated the historic spend factor for 2022-23 to use authorities' actual spend from 2017-18 (outturn data).

4. The proxy factors within the formula reflect the characteristics of the population within a local authority. We use proxy factors in the high needs NFF rather than prevalence of SEND or levels of education health and care plans (EHCPs) in each local authority. The population factor sets out the number of children and young people aged 2-18 living within a local area, and the 6 SEND and AP proxy factors allocate funding more specifically based on levels of attainment, deprivation and health/disability.
5. The weightings for each of these factors differ depending on whether the formula is providing a local authority with funding for SEND, AP or both. The weightings in each case, which are the same in the 2022-23 formula as in previous years, can be seen in figure 4 below.

Figure 4 – factor weightings in the high needs NFF

Proxy factor type	Proxy factor	SEND weighting (90%)	AP weighting (10%)	Combined weighting
Population	Population factor	50%	50%	50%
Deprivation factors	FSM	8.33%	25%	10%
	IDACI	8.33%	25%	10%
Health and disability factors	Children in bad health	8.33%	0%	7.5%
	DLA	8.33%	0%	7.5%
Low attainment factors	KS2 low attainment	8.33%	0%	7.5%
	KS4 low attainment	8.33%	0%	7.5%

6. Further information on the factors within the high needs NFF can be found in the high needs NFF technical note⁸.
7. During February and March 2021, we held a consultation as a first stage of a longer term review of the high needs funding formula, inviting views both on

⁸ [National funding formula tables for schools and high needs: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94444/nff_tables_2022_to_2023.pdf)

changes to the funding formula for 2022-23 and on more substantial changes that could be made in future years, following the next stage of the formula review. The changes arising from this consultation for the 2022-23 high needs allocations are outlined below and in the consultation response at Annex C.

Annex C: Initial government response to consultation on the review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23.

Introduction

1. On 8th February 2021, we launched a consultation that formed the first stage of the high needs national funding formula (NFF) review.
2. We asked six questions on:
 - How we use historic levels of local authority expenditure in the funding formula
 - Attainment data used in the funding formula
 - Proxy factors for special educational needs and disabilities (SEND) and alternative provision (AP)
3. This is the government's initial response to this consultation and briefly sets out our consultation proposals; the responses received to these, providing a question-by-question analysis; and the decisions made, taking into account these responses. This initial consultation analysis, and government response, focuses on the changes which we are taking forward for the high needs NFF in 2022-23. The high needs funding allocations for 2022-23 can be accessed [here](#).
4. The responses received to the consultation question on the SEND and AP proxy factors are **not** covered in this publication as we are not introducing any changes to the 2022-23 high needs NFF. We will publish our response to these questions at a later date.

Responses received

5. We received a total of **688 responses** to the high needs NFF consultation. The largest proportion of responses received was from mainstream maintained schools and academies (41%), followed by local authorities (26%) and multi academy trusts (9%). A full breakdown of respondents' organisations can be viewed in figure 5 below.

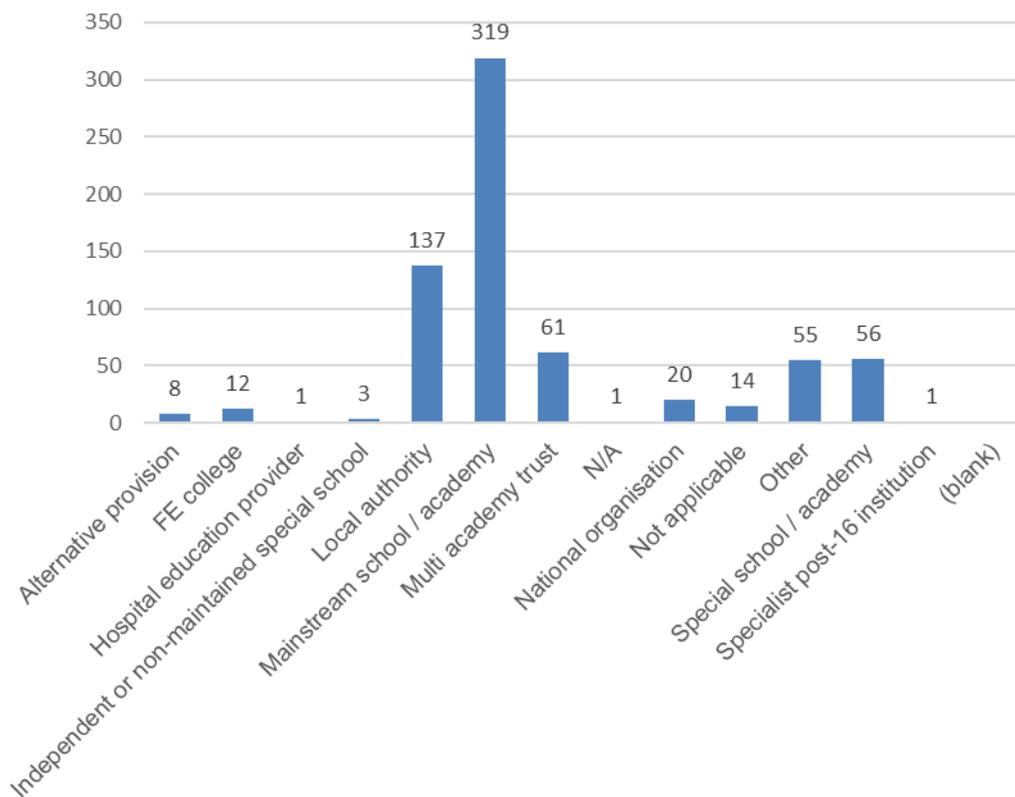


Figure 5: respondents to the high needs consultation grouped by organisation

6. Geographically, respondents were located in 139 different local authorities and district councils. There were only 15 authorities in which no respondents identified themselves. Respondents within some authorities, however, provided more responses than in others. The local authorities that respondents were most commonly located within were Kingston upon Hull (56), then Wiltshire (41) and Salford (35).

7. All 688 respondents answered questions 1-4 on the historic spend factor reform proposals and the low attainment factor. 472 respondents (69%) also provided an answer to question 5 which requested suggestions for new SEND proxy factors. Question 6, which related to the equalities impact of the proposals, received 235 comments – however many of these were general comments rather than those relating specifically to our proposals.

How we use historic levels of local authority expenditure in the funding formula

Summary of consultation proposals

8. The historic spend factor in the high needs NFF is included the high needs NFF to reflect the fact that the demand for SEND and AP provision varies considerably between areas because of local factors that are outside the direct control of local authorities, and which are difficult for local authorities to influence quickly. Since the introduction of the high needs NFF in 2018-19 we have calculated this lump sum element based on 50% of each local authority's planned expenditure on high needs in 2017-18. This planned expenditure was reported by authorities for the purpose of establishing a baseline. We have kept this as a flat-cash amount to reduce its influence in the formula over time: the weighting of the factor within the formula has reduced by 10 percentage points from 44% of funding in 2018-19 to 34% in the 2021-22 formula.
9. We now have access to local authorities' actual expenditure on high needs from the 2017-18 financial year. In some cases, the actual expenditure varied significantly from the planned expenditure baseline we have used for the calculation of the historic spend factor.
10. In the consultation we proposed to replace the current lump sum included in the formula calculation with an amount calculated on the basis of actual expenditure in 2017-18. We believe that this would be a better representation of the historic pattern of expenditure in a local authority, and thus act as a better proxy for local factors outside the authorities' direct control. We also highlighted that we do not intend to update the factor on a regular basis, as this could provide perverse incentives for authorities to spend more. Question 1 in the consultation covered this topic.
11. As a result of significant high needs funding increases over the past two years, and keeping the factor at the same cash level, the weighting of this factor within the formula has reduced. This reduction has been rapid, and the extent of the reduction in this proportion may be greater than the extent to which some authorities have been able to make changes to influence their historic spending patterns. As well as considering a move from using data on planned spend to actual spend we therefore sought views on whether to increase the weighting of the historic spend factor. Question 2 within the high needs NFF consultation covered this topic.
12. We are also aware that the use of the historic spend factor is not an ideal long-term solution to high needs funding, as we move further away from the 2017-18 baseline. However, we do recognise that the local patterns of supply and demand for SEND and AP provision can take some years to change. Question 3 in the consultation requested views on the extent to which the high needs funding

formula should reflect the historical patterns of local demand, and how important respondents felt this representation was within the funding formula. It also asked for suggestions for replacements to the historic spend factor.

Response to the consultation

Question 1: proposal to use actual expenditure from 2017-18

Do you agree that we should replace the current lump sum included in the formula calculation with an amount calculated on the basis of actual local authority expenditure, as reported by each local authority?

	Total	Percentage of responses
Agree	358	52%
Disagree	226	33%
Unsure	104	15%

13. All 688 respondents provided an answer to this question. A majority of respondents agreed with our proposal. 54% of local authorities, 50% of mainstream schools / academies, 61% of multi academy trusts, and 54% of special schools / academies agreed with the proposal to update to actual spend.
14. We received many comments, with 399 of the 688 responses commenting on this question. The most common comments alongside 'agree' responses were similar to this comment from a local authority finance officer: "actual spend in a year is a more current measure of incidence of SEN in a local area, rather than a budget that was determined in the previous financial year". There was a general consensus that a move to actual spend would make the historic spend factor more representative of actual need, when compared to planned spend from the same year.
15. Some respondents raised concerns that the move to actual spend would create a perverse incentive for local authorities to spend more on high needs in future years. We have been clear, however, that we do not intend to update the historic spend factor to use data from a more recent year, since its purpose is to capture historic patterns of spend and provision that take time to change.
16. We have therefore decided to move forwards with this proposal to **update the historic spend factor from planned spend in 2017-18 to actual spend in 2017-18** for the 2022-23 high needs NFF and beyond. This change will ensure the historic spend factor is a better representation of past spending levels when

compared to the planned spending amounts that we had to use in the initial years of the formula.

Question 2: increasing the proportion of actual expenditure from 2017-18

Do you think that we should increase the percentage of actual expenditure in 2017-18 included in the funding formula calculation, or leave it at 50%?

	Total	Percentage of responses
Increase	264	38%
Keep at 50%	102	15%
Decrease	191	28%
Unsure	131	19%

17. Again, all 688 respondents answered this question. The option to increase the proportion of actual expenditure proved the most popular response, although responses to this question were more varied than those to question 1, and there was no majority in support of any given option. When considering responses from specific organisations the percentage of those agreeing with the “increase” proposal was; 34% of local authority responses, 40% of mainstream school / academy responses, 25% of multi academy trust responses, and 52% of special school / academy responses. The option to increase the percentage of historic spend within the formula was the most popular for all but four groups; those from multi academy trusts, the single hospital education provider, and those who selected ‘other’ on average favoured a decrease, and those from post-16 providers favoured remaining at 50%.

18. 368 respondents provided comments in their responses to Question 2. A common theme among the comments provided by those answering ‘increase’ was that “historic factors are the most pressing in High Needs Funding, as with the 0-25 profile it can take a generation for costs to exit a system”, indicating that it can take several years to change past patterns of expenditure.

19. On the other hand, in the comments from those that answered ‘disagree’, there was a general lack of support for the use of the historic spend factor within the high needs NFF.

20. A further comment made typically by those who favoured a decrease in the percentage was that money through the historic spend factor within the formula reduces the funding that would otherwise go through the other proxy factors,

which these respondents felt were a better representation of current need. Although we understand this point, and do want to move away from using the historic spend factor in future, we are conscious that removing, or significantly reducing, historic spend in the NFF in 2022-23 would cause significant turbulence in LAs' high needs allocations – and an increase in LAs on the minimum funding floor in the high needs NFF.

21. As there was no clear consensus in the responses, and no clear advantage in either an increase or a decrease in the percentage, we have opted to **keep the historic spend factor at 50%** for the 2022-23 high needs NFF.

22. Local authorities' actual spend in 2017-18 was, on average, higher than their planned spend, and we will increase the total allocated through the historic spend factor accordingly. However, we will continue to keep the historic spend factor in 2022-23 at the cash level recorded in 2017-18 (that is, we will not uplift the actual spend figures from 2017-18 in line with inflation); and we will continue to base each authority's allocation through the historic spend factor at 50% of their spend in 2017-18. Taken together, this will mean that the overall weighting of the historic spend factor within the formula will continue to reduce, as total high needs funding increases: the weighing of the historic spend factor in the 2022-23 high needs NFF is 32%, down from 34% in 2021-22.

Question 3: finding an alternative to the historic spend factor

To what extent do you agree that the funding formula should include factors that reflect historical local demand for and supply of SEND and AP provision?

	Total	Percentage
Strongly agree	118	17%
Agree	179	26%
Neither agree nor disagree	120	17%
Disagree	150	22%
Strongly disagree	121	18%

23. Again, all 688 respondents provided an answer to this question. In total, 297 respondents answered either agree or strongly agree; 271 answered either disagree or strongly disagree. Thus, responses were very balanced, with only slightly more (26) respondents agreeing than disagreeing. The spread of responses differed when considering respondent types. For example, responses from special schools favoured agree (53% agree or strongly agree compared to

30% disagree or strongly disagree) whereas responses from mainstream schools and academies favoured disagree (31% agree or strongly agree compared to 42% disagree or strongly disagree). In most cases the two agree options were more commonly selected than the two disagree options.

24. 429 respondents provided comments alongside their answer. The 'agree' comments tended to highlight that "numbers can fluctuate from year to year" and that the existence of the historic spend factor provided stability over these fluctuations and a "baseline for needs-led demand". On the contrary, those who disagreed focused on how the factor was "out of date" and argued more or all of a local authority's high needs funding should be passed through the other proxy factors.

25. The question also asked respondents if they had potential alternatives to the historic spend factor. Of the 429 responses that included comments for this question, 153 suggested alternatives to the historic spend factor. These alternatives were most commonly population related, for example replacing the historic spend factor with the population factor. A second common suggestion was simply using the other proxy factors in lieu of the historic spend factor. It is worth noting that replacing the current historic spend factor with the other, existing factors in the high needs NFF would have the same effect as simply removing the historic spend factor, and result in the formula having no proxy for the variation in local demand and supply that the historic spend factor currently provides.

26. Considering the range of views expressed and suggestions made in this consultation, we have decided **to consider further what options are available and consult again in the next stage of our high needs NFF review. Our longer term ambition is to remove the historic spend factor from the formula**, acknowledging that historical levels of spending will become less and less relevant to an authority's current need to spend. However, we are not convinced that the historic spend factor can simply be removed without an effective replacement that better reflects local issues and can be kept up to date. Furthermore, it is also important that changes to this factor are taken forward carefully, so as to avoid unmanageable changes to local authority high needs funding allocations. We will therefore give further consideration to the options available and consult on changes before we replace the historic spend factor.

Attainment data used in the funding formula

Summary of consultation proposals

27. Low attainment at the end of key stages 2 and 4 are two of the group of six proxy factors used in the high needs NFF as indicators of SEND. This is because there is a strong association between low attainment and some types of SEND. These low attainment factors are calculated using attainment data for pupils living in a

local authority over the past 5 years of key stage 2 tests and GCSE exams.

28. Owing to the disruption caused by COVID-19 pandemic, we cannot use data from 2020 in the low attainment factor in the high needs NFF. No national key stage 2 tests took place in summer 2020, and the GCSE exam results for this year will not be appropriate to use for this purpose. Using the same data as in the 2021-22 high needs NFF (2015-2019 exam results) was considered, however this would result in outdated 2015 data being retained in the formula. We therefore proposed updating the formula, in order to remove the 2015 data from the formula but using 2019 data in lieu of the missing 2020 attainment data – essentially double weighting the 2019 attainment data. This proposal mirrors the approach we are taking in the schools NFF. Question 4 in the consultation covered this topic.

Response to consultation

Question 4: attainment data used in the funding formula

Do you agree with our proposal to update the low attainment factors using data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data?

	Total	Percentage
Agree	410	60%
Disagree – calculate in the same way as last year	35	5%
Disagree – other	175	25%
Unsure	68	10%

29. All 688 respondents provided an answer to this question, with a majority agreeing with our proposal to double-weight 2019 attainment data to account for the missing 2020 attainment data. When considering responses from specific types of organisation, all but one group had ‘agree’ as the most popular response. The only organisation type that did not follow this pattern was national organisations, who favoured the ‘disagree – other’ option.

30. 369 of the 688 respondents provided comments on this point. The comments from those who answered agree tended to echo this response, given by multiple respondents from within Kingston-Upon-Hull, stating that they “agree that the most up to date data available should be used, as this more closely links funding with local need”.

31. A common comment from those answering ‘disagree – other’, was the request to use a 4-year average rather than a 5-year average. Reformulating the high needs

NFF to include a 4-year average rather than a 5-year one would reduce the weighting of the more recent data, assuming we would use the 2016-2019 test and exam results. We therefore do not think this is a suitable alternative.

32. Since this update will ensure that the data used to calculate the high needs NFF proxies is as up to date as possible, and therefore the best representation of current need, and reflecting the majority of consultation responses, we have decided to **substitute the most recent 2019 data in place of the missing 2020 attainment data**.
33. A common concern given in response by those who disagreed, beyond the scope of the question asked in the consultation, was that low attainment is not a good proxy factor for the level of SEN in a local area. The next stage of the high needs NFF review will look at the SEND proxy factors and explore the suitability of current and potential new proxies.

Equalities impact assessment

34. Our initial assessment was that our funding reform proposals may impact positively on children and young people with a disability by improving the local authority level distribution of resources they can access, and so better matching available resources to need. We concluded that there was no evidence to suggest our proposals would have a negative impact, either on those with a disability, or on those young people with other protected characteristics. We requested comments on this point within the high needs NFF consultation.

Response to consultation

Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change.

35. We received 235 comments in response to this question. However, many of these were general comments rather than those relating specifically to our proposals.
36. After considering all of the comments received in response to this, we have concluded that updating the historic spend factor to actual spend in 2017-18 rather than planned spend in 2017-18, and using 2019 data as a proxy for 2020 data in the low attainment factors, will have no negative impact on children and young people with a disability or with any other protected characteristics. The proposals may impact positively on children and young people with a disability by better matching available resources to need and so improving the local authority level distribution of resources they can access. We have no evidence to suggest there would be a negative impact, either on those with a disability, or on those young

people with other protected characteristics. All local authorities will continue to receive significant per head funding increases in 2022-23.



Department
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