



Department
for Education

The national funding formulae for schools and high needs

2024-25

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Background

The Government is committed to levelling up opportunity for all pupils and has invested significantly in education to achieve that. The total core schools budget will total over £59.6 billion in 2024-25 – the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS).

This total includes the additional funding for teachers' pay announced in July 2023; the Teachers Pay Additional Grant (TPAG) provides an additional £482.5m in 2023-24, and £827.5m for 2024-25 for mainstream, special and alternative provision schools.

Information and funding related to TPAG is **not** included throughout the remainder of this document, as TPAG will be allocated outside of the NFFs in 2024-25.

Further details on the TPAG can be found here: [Teachers' pay additional grant - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/teachers-pay-additional-grant-2023-24).

Funding through the mainstream schools national funding formula (NFF) is increasing by 2.7% per pupil in 2024-25, compared to 2023-24.¹ Taken together with the funding increases seen in 2023-24, this means that funding through the schools NFF will be 8.5% higher per pupil in 2024-25, compared to 2022-23.

The schools NFF continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The main features in 2024-25 are:

- We are introducing a formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country.
- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
- Through the minimum per pupil funding levels, every primary school will receive at least £4,655 per pupil, and every secondary school at least £6,050.
- The funding floor will ensure that every school will attract at least 0.5% more pupil-led funding per pupil, compared to its 2023-24 allocation.
- Rolling the 2023-24 mainstream schools additional grant (MSAG) into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF

¹ In 2023-24, core schools funding was allocated through a mainstream schools additional grant (MSAG) in addition to the NFF. MSAG funding has been incorporated in the NFF for 2024-25, and year-on-year funding comparisons include the funding from the MSAG for 2023-24.

factor values and baselines to reflect this.

2023-24 was the first year of transition to the direct schools NFF – with our end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. Following a successful first year of transition, we will continue with the same approach to tightening in 2024-25. As in 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring² the NFF. We have published an analysis of the impact of the tightening approach in 2023-24 and expected impacts in 2024-25 in Annex C.

High needs funding is increasing by a further £440 million, or 4.3%, in 2024-25, following the £970 million increase in 2023-24 and £1 billion increase in 2022-23. This brings the total high needs budget to £10.54 billion – an increase of over 60% since 2019-20. The high needs NFF will ensure that every local authority receives at least a 3% increase per head of their ages 2-18 population, with the majority of authorities seeing gains of more than 3%. Alongside our continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. We will continue to focus support on those local authorities with the most significant Dedicated Schools Grant (DSG) deficits, and to work on the longer term reforms set out in the Government's [SEND and alternative provision improvement plan](#), published in March 2023.

Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013-14. The total provisional funding for these responsibilities is £304 million in 2024-25. In line with the process introduced for 2020-21 to withdraw the funding for historic commitments over time, this element of funding will decrease by 20%.

Final allocations of mainstream schools and central schools services funding for 2024-25 will be calculated in December 2023, based on the latest pupil data at that point, when we announce local authorities' DSG allocations. Local authorities will continue to use that funding to determine final allocations for all local mainstream schools. The December DSG allocations will also include updated high needs funding allocations, based on the latest pupil data, but these are not final as there will be a further adjustment in 2024. As normal, local authorities will use the December allocations to finalise their schools' and high needs budgets.

² For the purpose of the tightening requirements local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF.

The national funding formula for schools

For 2024-25, we have changed a small number of the existing features of the formula. These are outlined below. A full description of the updated 2024-25 formula is set out in Annex A.

Increasing funding factor values

The basic per pupil funding factor, FSM6 and the lump sum factors have been increased to reflect the rolling in of the mainstream schools additional grant into the NFF, as described in the following section below. On top of these the core factors in the NFF – the basic per pupil funding factor, additional needs factors and the school lump sum – will increase by 2.4%. The free school meals factor will increase by 1.6%, in line with the GDP deflator forecast for 2024-25.

The minimum per pupil levels in 2024-25 will be set at £4,655 per pupil for primary schools and £6,050 per pupil for secondary schools. This includes £143, £186 and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the mainstream schools additional grant.

The 2024-25 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline. Funding floor baselines have also been increased to take account of the rolling in of the mainstream schools additional grant.

With the exception of split sites funding, which is now formularised, premises funding will continue to be allocated at local authority level on the basis of the amount spent by local authorities on this factor in their 2023-24 local formulae – as recorded in the 2023-24 Authority Proforma Tool (APT). The PFI factor is increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Rolling the mainstream schools additional grant funding into the NFF

The [mainstream schools additional grant](#) was introduced in 2023-24. Schools had flexibility over how they used the additional grant funding to support their pupils. For example, schools could use the funding to meet day-to-day running costs, such as staff salaries and energy costs. The grant funding is being rolled into the schools NFF from 2024-25.

The aim of our approach for rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2024-25, without adding significant additional complexity to the formula. We have rolled in the grant in three ways, to reflect the three different ways in

which schools attract funding through the NFF. This follows the same approach to the rolling in of the Schools Supplementary Grant funding to the 2023-24 NFF.

- a. Adding £119, £168 and £190 to the primary, Key Stage 3 and Key Stage 4 per pupil funding factors respectively; £104 and £152 to the primary and secondary FSM6 factors; and £4,510 to the school lump sum. This increases the amount that schools already on their NFF allocations attract. The NFF factor value increases correspond to the values used in the distribution of the grant in 2023-24.
- b. Adding £143, £186 and £208 to the minimum per pupil (MPP) funding levels for primary, KS3 and KS4 respectively. This increases the amount that schools funded through the minimum per pupil funding levels attract through the NFF. The amounts reflect the average amount of funding these schools currently attract through the grant.
- c. Adding an amount representing the total funding schools receive through the mainstream schools additional grant on to their baselines, which is used to calculate funding protection for the schools through the funding floor. This increases the amount that schools whose allocations are determined by the funding floor will attract.

The existing Area Cost Adjustment (ACA) calculation within the NFF ensures that the per pupil rates added to the basic entitlement, the FSM6 factor and the school lump sum are uplifted to reflect geographical variation in labour market costs, as is currently the case with the grant.

The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2024, and that academies will receive from September 2024³. To avoid an unfair gap in the support provided to academies, academies will therefore continue to receive separate grant payments up until the end of August 2024. The mainstream schools additional grant will then cease to operate as a separate grant.

In 2024-25, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum. It is our expectation that, as far as possible, local authorities will ensure that individual schools' budget allocations for 2024-25 are set taking full account of additional funding from the mainstream schools additional grant that schools are receiving in 2023-24.

Schools receiving the minimum per pupil funding levels will have the additional funding protected in local formulae as these will continue to be compulsory in 2024-25. We will also require local authorities to include the additional funding

³ The funding cycle for academies follows the academic year, whereas it follows the financial year for maintained schools.

added to schools' NFF baselines in their baselines for the minimum funding guarantee, so that schools on the minimum funding guarantee can also have their mainstream schools additional grant protected.

Further details about the methodology for rolling in the grant are available in the technical note.

Formularising the split sites factor

The split sites factor targets extra funding to schools which operate across more than one site. As announced in the [response](#) to the consultation on [Implementing the direct national funding formula](#), we are introducing a formulaic approach to allocating split sites funding in the NFF in 2024-25. This ensures that split sites funding will be provided on a consistent basis across the country, replacing the previous locally determined split sites factor used by some local authorities.

Completing our reforms of the national funding formula

Following last year's consultation on [Implementing the direct national funding formula](#), the Department confirmed that it will continue to move forward with its plans to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula. As set out in the consultation [response](#), we are taking a gradual approach to transition to avoid any unnecessary or unexpected disruption to schools. This transition towards the direct NFF began in 2023-24 and will continue in 2024-25. In particular:

- a. Local authorities must **move their local formula factor values at least a further 10% closer to the NFF**, except where local formulae are already "mirroring" the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be "mirroring" the NFF. From 2024-25, this 10% requirement will also apply to the "fringe factor" for local authorities on the London fringe.
- b. Local authorities must use the new national formulaic approach to **split sites funding**. This will replace the current local authority-led approach.
- c. Local authorities must use the new **NFF requirements for growth funding**, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation.
- d. Local authorities must also follow the new **NFF requirements for falling rolls funding**, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction that schools must be judged Good or Outstanding at their last

Ofsted inspection to be eligible for funding is also being removed from 2024-25.

For 2024-25, local authorities will continue to be allowed to increase the pupil number count for schools with higher Reception pupil numbers in the January 2024 census, rather than the October 2023 census. However, this flexibility will be removed from 2025-26.

Further details on the tightening requirements for local formulae with guidance for local authorities is set out in the [school funding operational guide](#). We have also published the allowable factor values for 2024-25 following the tightening requirements for each local authority [here](#). An analysis of the distributional impact of tightening is set out in Annex C.

Other key features of the local funding formulae

Local authorities will continue to set a **minimum funding guarantee** in local formulae, which in 2024-25 must be between +0.0% and +0.5%. This allows them to match the protection in the NFF, which we expect local authorities to continue to do where possible.

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](#).

Following the cancellation or incompleteness of Key Stage 2 assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, local authorities will use 2019 assessment data as a proxy for the missing assessments in 2020, and 2022 attainment data as a proxy for the missing assessments in 2021.

Local authorities should keep under review the calculation of their schools' notional SEN budgets to make sure that they are both proportionate to the costs and prevalence of pupils on SEN Support and that they meet additional support costs up to £6,000 per pupil of those with more complex needs. More guidance for local authorities is published here: [Pre-16 schools funding: local authority guidance for 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)

Factor values and total spend in 2024-25

	Unit Values	Total Funding (incl. ACA)	Proportion of core total
Basic per pupil Funding		£33,696m	75.7%
Basic entitlement		£33,505m	75.3%
Primary basic entitlement	£3,597	£16,419m	36.9%
KS3 basic entitlement	£5,072	£9,904m	22.2%
KS4 basic entitlement	£5,717	£7,183m	16.1%
Minimum per pupil		£191m	0.4%
Primary Minimum Per Pupil funding	£4,655	£150m	0.3%
Secondary Minimum Per Pupil funding	£6,050	£40m	0.1%
Additional Needs Funding		£7,917m	17.8%
Deprivation		£4,511m	10.1%
Primary FSM	£490	£540m	1.2%
Secondary FSM	£490	£376m	0.8%
Primary FSM6	£830	£951m	2.1%
Secondary FSM6	£1,210	£1,067m	2.4%
Primary IDACI A	£685	£104m	0.2%
Primary IDACI B	£520	£152m	0.3%
Primary IDACI C	£490	£140m	0.3%
Primary IDACI D	£450	£124m	0.3%
Primary IDACI E	£285	£147m	0.3%
Primary IDACI F	£235	£115m	0.3%
Secondary IDACI A	£950	£97m	0.2%
Secondary IDACI B	£750	£151m	0.3%
Secondary IDACI C	£695	£140m	0.3%
Secondary IDACI D	£635	£122m	0.3%
Secondary IDACI E	£455	£165m	0.4%
Secondary IDACI F	£345	£117m	0.3%
Low Prior Attainment		£2,857m	6.4%
Primary LPA	£1,185	£1,617m	3.6%
Secondary LPA	£1,790	£1,240m	2.8%
English as an Additional Language		£488m	1.1%
Primary EAL	£595	£346m	0.8%
Secondary EAL	£1,605	£142m	0.3%
Mobility		£61m	0.1%
Primary Mobility	£970	£48m	0.1%
Secondary Mobility	£1,395	£13m	0.0%
School-Led Funding		£2,900m	6.5%
Lump Sum		£2,801m	6.3%
Primary lump sum	£135,700	£2,339m	5.3%
Secondary lump sum	£135,700	£462m	1.0%
Sparsity		£99m	0.2%
Primary sparsity	£57,700	£94m	0.2%
Secondary sparsity	£83,900	£5m	0.0%
Area Cost Adjustment: Multiplier applied to basic entitlement, additional needs and school-led funding (It is included in the factor subtotals)		£1,123m	
Core total (excl. funding floor and premises)		£44,513m	
Floor		£223m	
Primary floor funding		£109m	
Secondary floor funding		£114m	
Premises		£595m	
Split sites	£81,400	£33m	
Total		£45,331m.	

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 five year groups. The sparsity unit values correspond to the maximum a school can attract for these factors, and the split sites unit value to the maximum amount an additional site can attract through the basic eligibility and distance funding combined.

The national funding formula for high needs

Updates to the high needs national funding formula in 2024-25

The national increase in high needs funding, between 2023-24 and 2024-25, will be £440 million, or 4.3%, and high needs funding will total £10.54bn. Overall, the investment over the course of this Spending Review period means that high needs funding is increasing by £2.5 billion since 2021-22. This will continue to support local authorities and schools with the increasing costs they are facing.

The high needs NFF includes:

- a. 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 2024-25 we are setting the funding floor at 3%, having adjusted the baseline to include the additional high needs funding that was allocated to local authorities in December 2022, following the 2022 autumn statement.
- b. The gains cap – the limit on gains per head of the population compared to the baseline. For 2024-25 we are setting the gains cap at 5% which means that local authorities can see an increase of up to 5% before their gains are capped (again, compared to a baseline that takes account of the additional high needs funding allocated in December 2022).

The basic structure of the high needs NFF for 2024-25 is not changing, although we have slightly changed the way it is presented in figure 3 of Annex B.

We have been able to include the latest data, from the 2021 general population census, on children in bad health. This is a significant update as the data in the 2023-24 NFF was from the 2011 census.

Due to the Covid-19 pandemic, there is no appropriate 2020 or 2021 attainment data to use for the two low attainment factors. Following earlier consultations, we have decided to continue using 2019 data as a proxy for the 2020 data in the NFF calculations of high needs allocations for 2024-25. As we can rely on the 2022 data, the 2024-25 NFF calculations use this as a proxy for the 2021 data. This aligns with the approach taken in the schools NFF.

In the 2024-25 NFF the historic spend factor remains at the same cash value as in 2022-23 and 2023-24, equivalent to an average of 27% of local authorities’ provisional 2024-25 allocations. If alternative proxies for established patterns of the local demand for and supply of special and alternative provision become available in the future, we will review the significance of this factor in the formula for later years, with a view to ultimately removing it altogether.

The national funding formula for central schools services

The central schools services block in 2023-24

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.

The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.

For 2024-25 the formula for allocating this funding follows the same approach as in 2023-24.

Ongoing responsibilities

The CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. The total provisional funding for ongoing responsibilities is £304m in 2024-25.

£299m of 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 the 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.

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 5.51%.

On top of this, we have provided an additional £5 million to cover the exceptional increase in copyright licence costs in 2023-24, as licences were updated following the increased use of digital technology. This will be distributed in line with the increase in each local authority's charge for copyright licences in 2023-24.

Further detail on the methodology used for the CSSB formula is set out in the 2024-25 NFF technical note.

Historic commitments

In 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, 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.

In 2024-25, for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2023-24 allocations, the same rate as in previous years.

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 times over which such costs unwind. We invite local authorities in this position to contact the Department. Further information on this process is included in the [school funding operational guide](#).

Historic commitments are expected to unwind over time as contracts reach their end points. We retain 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

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.

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.

We introduced the NFF in 2018-19 after significant consultation and published a full equalities impact assessment.⁴ 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 2024-25.

Schools NFF

Increases to factor values

The funding increases of 2.4% to the core factors in the NFF mean that all schools will attract more funding in 2024-25 than they would have done without an increase. This is expected to have a positive impact on pupils with protected characteristics in all areas of England.

The exact impact on pupils and schools will depend on the local formulae, but on average:

- a. The 2.4% increase to core factor values will mean that the per-pupil funding for the low prior attainment (LPA) factor and English as an additional language (EAL) factor will rise. As there is a positive correlation

⁴ https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/supporting_documents/NFF_EqualityImpactAssessment.pdf

between pupils these factors and pupils with SEND and certain ethnic minorities, respectively, these increases will have a positive impact on pupils with those protected characteristics.

- b. Schools funded through the funding floor will also receive lower funding increases, on average, than other schools. These schools tend to be in urban areas and have a higher proportion of pupils from ethnic minority backgrounds because these areas are more ethnically diverse. They also have a higher occurrence of non-Christian faith schools. While these schools will see lower-than-average *increases* in funding in 2024-25, they still have higher than average *levels* of funding. The lower-than-average funding increase for these schools is therefore necessary to overcome historic discrepancies in funding and ensure that funding is distributed fairly based on pupils needs and characteristics, including by ensuring that funding can be fairly directed to areas seeing relative increases in levels of deprivation and other additional needs.

Overall, the equalities impact of funding increases across all factor values is expected to be positive.

Rolling in the mainstream schools additional grant into the schools NFF

We are rolling in the mainstream schools additional grant to the schools NFF in such a way that the additional NFF funding schools and local authorities receive is as similar as possible to the funding they would receive if the grant was not rolled in. We recognise that the rolling in can never perfectly reflect the current allocations, but do not believe that the schools affected by the discrepancies have a higher proportion of pupils with protected characteristics than average. There would therefore not be any disproportionate impact (either positive or negative) on pupils with protected characteristics from the rolling in of grants.

Transitioning to the direct schools NFF

The requirements for local authorities to move their local formulae closer to the NFF continues the first step of transition that local authorities began in 2023-24. The equalities impact of moving to the direct NFF was discussed as part of the consultation on [Completing our Reforms to the National Funding Formula](#). As noted in the [consultation response](#), our expectation is that the direct NFF will create a fairer and more consistent distribution of funding that is more closely aligned to need, and is essential to support opportunity for all pupils.

The impact of continuing the transitioning towards the direct NFF in 2024-25 will depend on how local authorities respond to the tightening requirements, and how they use their remaining formula flexibilities. In principle, we would expect the impact to be similar in nature, but smaller in magnitude, to the impact of introducing the direct NFF. Annex C provides more information on the expected

distributional impact of the tightening criteria for 2024-25. We will continue to monitor the equalities impact of a move to a direct NFF on an ongoing basis and when developing policy in future years.

Formularisation of the split sites factor

We are introducing a formulaic approach to allocating split sites funding in the NFF in 2024-25. This will ensure that split sites funding will be provided on a consistent basis across the country.

Schools which were previously funded through a local split sites factor but no longer meet the criteria for split sites will not lose out on funding.

We do not expect this change to have any disproportionate impact (either positive or negative) on pupils with protected characteristics from the introduction of the formula.

New requirements for growth and falling rolls

We are introducing new requirements for growth and falling rolls funding. We expect these changes to have a positive impact on schools which agree with the local authority to host an additional class to meet basic need, but which previously were not guaranteed funding for this.

We do not expect this change to have any disproportionate impact (either positive or negative) on pupils with protected characteristics.

High needs NFF

We have considered the impact of the high needs distribution on children and young people who share any of the protected characteristics. We have focused particularly on those with SEND given the high level of correlation between young people with SEND and those with disabilities.

We introduced the high needs NFF in 2018-19 after significant consultation and a full equalities impact assessment⁵. 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 2024-25. Therefore, we have focused this assessment primarily on the aspects of the formula that have changed for 2024-25.

In recognition of the fact that all local authorities are facing some pressures on their high needs budgets, we are allocating increased funding through the high needs NFF amounting to over 4% compared to the 2023-24 allocations of high needs funding. The distribution of this increase will ensure that all authorities receive an

⁵ [The national funding formula for schools and high needs: equalities impact assessment \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

increase in funding of between 3% and 5% per head of their 2-18 population, as follows:

- a. A funding floor set to 3%. Thus, the minimum gains in per-head funding a local authority can receive compared to 2022-23 will be 3%;
- b. A gains cap set to 5%. This is the limit in per-head gains that a local authority can receive compared to 2022-23; and
- c. 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 local authorities 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.

We expect this distribution of funding both to provide reasonable increases to all local authorities and to ensure stability through the use of the same formula as in 2023-24. As a result, and subject to local decisions on how the funding is spent in making special provision, our assessment is that how the available funding is distributed to local authorities in 2024-25 will not have an adverse impact on those children and young people identified as having SEND (which includes those with disabilities). This funding distribution will enable local authorities to help them access the right educational provision and thereby address educational inequalities for those with SEND.

Central School Services Block NFF

The formula that allocates the central school services block funding is broadly unchanged for 2024-25; we do not expect this to have an impact on different groups of pupils, including those with protected characteristics.

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.

However, reducing this funding will address funding disparities to make the wider system fairer, so that educational provision for all 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 substantial increases in high needs funding over the course of this Spending Review period (2022-23 to 2024-25).

Overall impact

There have been very few changes to either the schools or high needs NFF from 2023-24. Our assessment is that how the available funding is distributed to mainstream schools and local authorities in 2024-25 will not have an overall adverse impact on mainstream school pupils with protected characteristics and on those children and young people identified as having SEND (which includes those with disabilities). In particular, the high needs funding distribution will enable local authorities to help those with SEND access the right educational provision and thereby address any potential educational inequalities that they might otherwise experience.

In some cases, the changes work in different directions. For example, with regard to the schools NFF the impact of increasing the funding directed towards the core factors by 2.4% is different to the impact of the lower funding increase to schools on the funding floor.

Overall, 17.8% of funding in the schools NFF is directed towards those with additional needs. This means that the distribution of funding in the schools 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.

Annex A: The structure of the schools national funding formula (NFF) in 2023-24

Overall design of the formula

The schools NFF determines how we distribute core funding for 5–16 year-old pupils in mainstream schools.

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.

The funding formula is made up of 14 factors, as illustrated in the diagram below.

Figure 2 - Current NFF Funding Factors

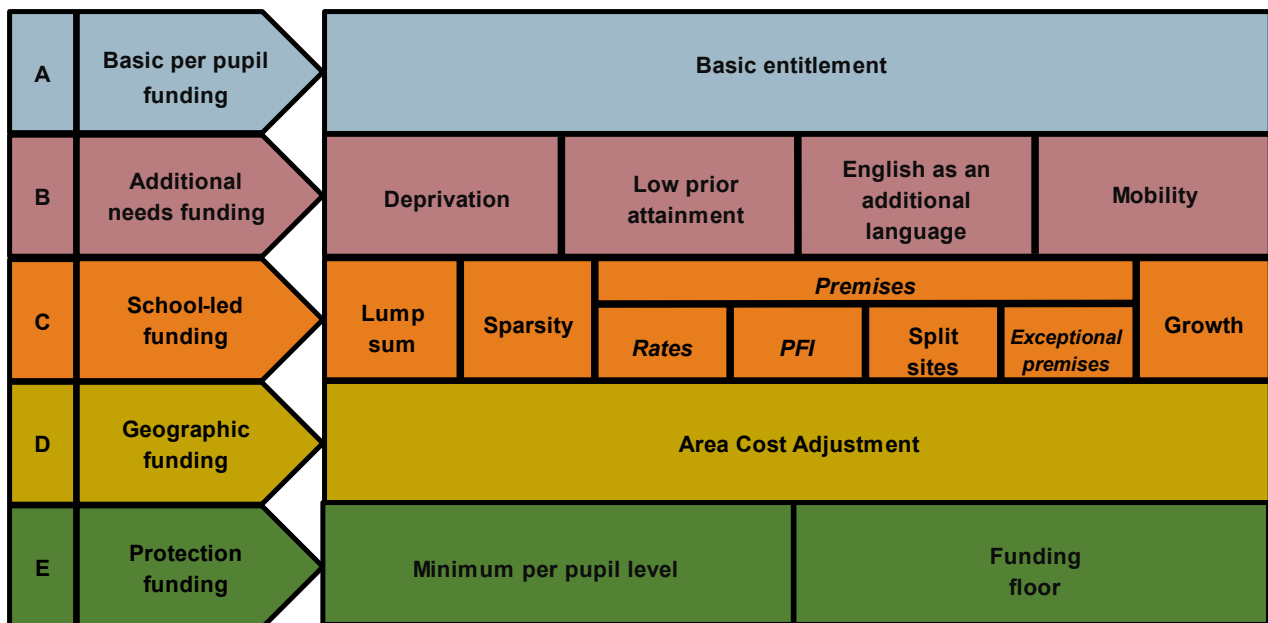


Figure 2: This illustrates the factors that are taken into account when calculating schools block DSG funding allocations through the NFF. It is not to scale. PFI and Exceptional Premises factors are allocated to local authorities on the basis of historic spend; and rates based on actual costs. Factors in italics are funded according to the previous year's allocation.

Approximately 93.5% 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 entitlement factor, which all pupils attract. The NFF allocates the rest of 'pupil-led' funding towards additional needs.

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 17.8% of all funding through additional needs factors based on deprivation, low prior attainment, English as an additional language and mobility.

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.

‘School-led’ funding is allocated through various factors according to a school’s characteristics. All schools attract a lump sum of £135,700. 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.

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.

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.

The following sections give more detail on the design of the individual factors within the schools NFF.

Pupil-led factors

Basic entitlement

75.3% of the schools NFF is allocated through the basic entitlement, which every pupil attracts. The amount varies by age. In the 2024-25 NFF pupils in Reception to Year 6 attract £3,597; pupils in Year 7 to Year 9 attract £5,072, and pupils in Years 10 and 11 attract £5,717.

Additional needs factors

Deprivation

The NFF allocates 10.1% 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

Schools attract £490 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.

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

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 £830 for each primary pupil and £1,210 for each secondary pupil eligible for FSM6 funding.

- o IDACI

IDACI 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 bands⁶.

⁶ The boundaries of these bands are based on the proportions of LSOAs (small areas) in each band and are defined by rank.

The IDACI bands are set out in the table below.

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	£685	£520	£490	£450	£285	£235	£0
Secondary unit value	£950	£750	£695	£635	£455	£345	£0

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

We are allocating 6.4% of the NFF in respect to pupils with low prior attainment (LPA).

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 £1,185 and £1,790 respectively⁷.

English as an additional language

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.

Schools attract £595 for all EAL-eligible primary pupils, and £1,605 for all EAL-eligible secondary pupils.

Mobility

0.1% of the total NFF funding goes to pupils eligible for mobility funding.

⁷ For 2020 where these assessments have been cancelled, schools are allocated funding based on the previous year's results.

The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.

Pupils are classed as mobile if they joined the school at a 'non typical' date within the last three years. Schools attract £970 for eligible primary pupils, and £1,395 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

Every school attracts a lump sum of £135,700 through the NFF irrespective of its size or phase. The total spend on the lump sum represents 6.3% of the NFF.

Sparsity funding

0.2% of the NFF is allocated through the sparsity factor, for small and remote schools.

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.

A school is eligible for sparsity funding if:

- For all the pupils for whom it is the nearest "compatible" school⁸, the average distance (as measured by road) from the pupils' homes to the second nearest compatible school is above the relevant distance threshold. 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.

Primary schools qualifying attract up to £57,700 and all other schools up to £83,900. Schools with a lower number of pupils attract a higher amount than those 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

⁸ 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.

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

The NFF allocates funding to reflect the costs associated with a school's premises and overheads.

o Rates

For local accounting purposes, rates funding allocations will continue to feature in NFF allocation publications for all schools. From 2022-23, the payment of business rates for local authorities opting into the central payment system has been centralised, with ESFA paying rates directly to billing authorities on behalf of schools. For local authorities which have not opted into the new payment system, ESFA will continue to allocate funding for business rates, to meet the real costs of schools.

o PFI

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

The split sites factor targets extra funding to schools which operate across more than one site. Schools receive a £54,300 lump sum payment for each of their additional eligible sites – up to a maximum of three additional sites. On top of that, schools whose sites are separated by more than 100 meters receive distance funding. The distance funding varies depending on how far apart the sites are, up to a maximum of £27,100 for sites which are at least 500 metres away from the main site.

o Exceptional Circumstances

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 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. The consultation response on implementing the direct national funding formula, confirmed that we will introduce a standardised system for exceptional circumstances either in advance of, or at the same time as, we introduce the direct formula.

Area Cost Adjustment

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.

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.

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 (52.82%).
- b. Weighting the relevant GLM labour cost adjustment in line with the national proportion of spend on non-teaching staff in mainstream schools (28.74%).

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

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.

The MPPL varies from school to school depending on the year groups they have. The unit values per year group are £4,655 for primary year groups, £5,824 for KS3 and £6,389 for KS4.⁹ Each school's MPPL is calculated as a weighted average of the number of year groups they have.

This means that the MPPL is £4,655 for primary schools, and £6,050 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.

⁹ 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.

The MPPL values are compulsory in local authority 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

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.

In 2024-25, the formula ensures that all schools attract an increase of at least 0.5% in pupil-led funding per pupil compared to 2023-24.

Local authority funding formulae must include a minimum funding guarantee (MFG) that provides a similar protection to the funding floor. In 2024-25, the MFG can be set between 0% and 0.5%.

Growth funding

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.

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.

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.

From 2024-25 local authorities will need to provide growth funding where a school or academy has agreed with the local authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment).

Local authorities will have to provide funding that is at least that calculated through using the following formula¹⁰:

$$\text{Primary Growth Factor value (£1,550)} * \text{Number of Pupils} * \text{ACA}$$

Funding for maintained schools is provided to cover the period from September to March before the lagged funding system 'catches up' from the subsequent April through the subsequent year's NFF. Since academies are funded on an academic year basis, they would receive additional funding (at a rate of an additional 5/7 of the allocation) to cover a full year's growth funding before the system 'catches up'.

Falling rolls funding

Since the introduction of the national funding formula in 2018-19, local authorities have been able to operate a falling rolls fund to support schools which see a short-term fall in the number of pupils on roll. For the first time, in 2024-25 we will allocate funding to local authorities on the basis of falling rolls, as well as growth.

Falling rolls funding will be distributed on the basis of the reduction in pupil numbers 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.

Local authorities will continue to have discretion over whether or not to operate a falling rolls fund. Where local authorities operate a fund, they will only be able to provide funding where the 2022 school capacity data (SCAP) shows that school places will be required in the subsequent three to five years.

The restriction, that funding can only be provided to schools judged "Good" or "Outstanding" in their latest Ofsted judgement will be removed from 2024-25.

¹⁰ The Primary Growth Factor value will be used as the factor value for all school types – recognising there is one teacher pay scale and that this funding is a minimum value.

Annex B: The structure of the high needs national funding formula (NFF) in 2024-25

Overall design of the formula

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.

The formula consists of 11 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. The formula also includes funding floor and gains limit factors, to ensure a minimum level of increase for every local authority and to reduce the impact of year-on-year changes to their funding levels.

Figure 3: The structure of the high needs NFF

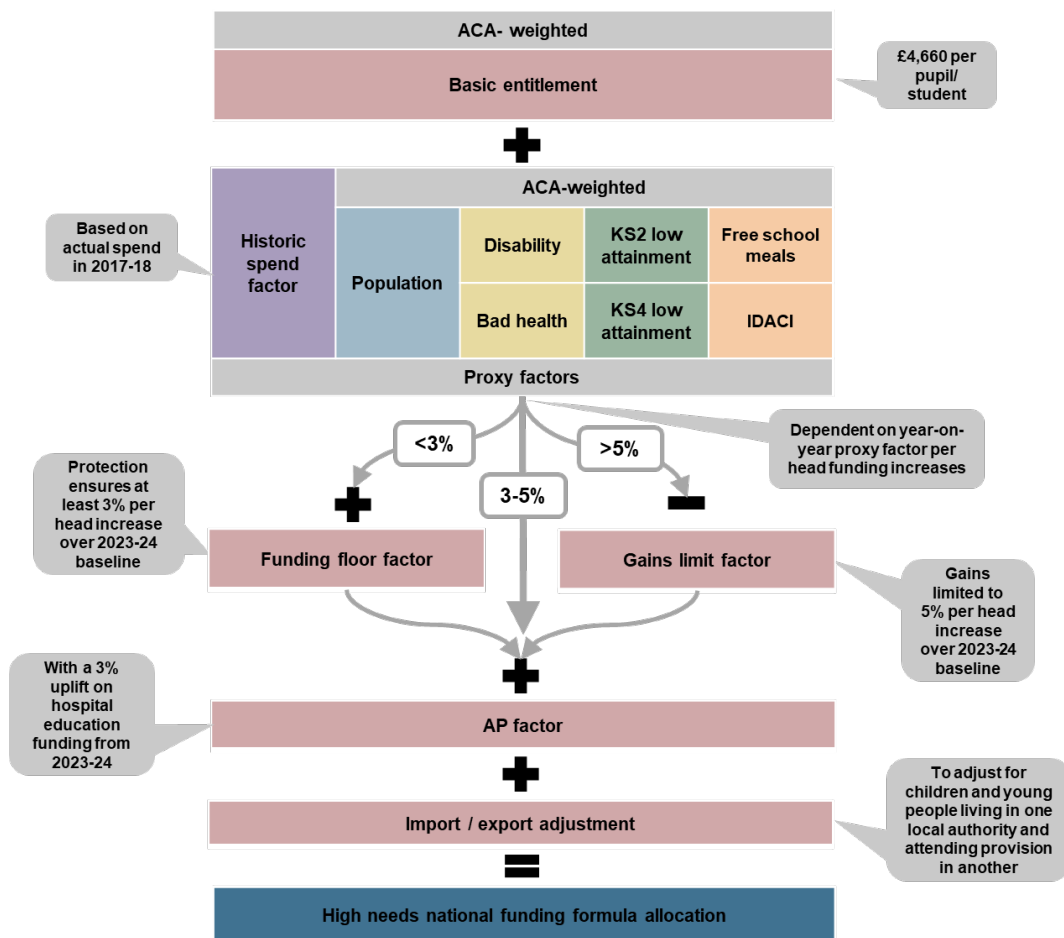


Figure 3: This illustrates the formula factors that are used to calculate high needs funding allocations through the NFF. The diagram shows the eleven factors which reflect the level of need in an area, as well as the funding floor and gains limit factors which ensure that all authorities receive an increase in funding of between 3% and 5% per head of their 2-18 population.

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.

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 (EHC) plans 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.

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 2024-25 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%

Figure 4: This table illustrates the weightings for each of the proxy factors in the high needs national funding formula. The figure highlights that the population factor receives the largest weighting, accounting for 50% of these elements of the funding formula. The other factor weightings reflect the extent to which the factors act as proxies for SEND, and the likely need for AP. A combined weighting is then shown for each factor.

Further information on the factors within the high needs NFF can be found in the high needs NFF technical note¹¹.

¹¹ [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118212/nff_tables_2024_2025.pdf).

Annex C: The impact of tightening restrictions on local formulae in 2023-24 and expected impacts for 2024-25

Introduction

Moving to a direct NFF¹², will ensure that all mainstream schools in England are funded on a fair and equitable basis. This will complete the reforms started in 2018 when the NFF was first introduced to ensure that all schools were funded based on a consistent assessment of need.

For the first time in 2023-24, as part of our preparations for moving towards a direct NFF, we required local authorities to move their local formulae closer to the NFF. Local authorities were required to use all the NFF factors (and only the NFF factors) in their local formulae; and to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2022-23, unless they were already “mirroring” the NFF (factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF).

In the response to our 2022 consultation *Implementing the Direct NFF* which we published earlier this year, we confirmed that we will continue with a careful approach to transition, recognising the significant change that moving to a direct NFF represents. Therefore, as in 2023-24, in 2024-25 local authorities will be required to move 10% closer to the NFF than the previous year, and we will continue to set a 2.5% threshold for mirroring.

In the 2023-24 [policy document](#) we set out the expected impact of local formulae “tightening” requirements on local funding formulae for 2023-24. In this document we summarise the actual impact of initial “tightening” in 2023-24 and the expected impacts of further tightening requirements in 2024-25.

In summary, we have seen a significant increase in the number of local authorities which mirror the NFF in 2023-24 – from just over half in 2022-23, to just over two-thirds in 2023-24. Additionally, all local authorities met the minimum requirements set for tightening in 2023-24 and a substantial number went further – of the 72 local authorities who were not mirroring the NFF in 2022-23 61 moved at least one factor more¹³ than the 10% tightening requirement.

¹² The NFF is used to calculate a notional allocation for every school in England, which the Government aggregates for all the schools in each local authority to create a total allocation for that local authority. Local authorities then set their own local formulae to distribute their total allocation between all the schools in their area. Schools (both maintained schools and academies) receive their budget allocation based on their local authority’s formulae.

¹³ We counted local authorities where factors had moved by 11% or more.

We have not proposed a fixed target date by which the direct NFF will be in place. The path to the direct NFF, and the pace at which we move along it, will be informed by ongoing feedback as we proceed.

Approach to analysis

This annex provides a narrative analysis of the impact of tightening requirements in 2023-24 and the expected impact of the 2024-25 tightening requirements. It sets out what the expected impact of tightening local formulae will be on schools in particular local authorities, and types of schools more generally.

As we transition to the NFF, we will maintain the protection offered through the minimum funding guarantee (MFG) to minimise disruption for schools. This will protect schools from sudden drops in their per pupil funding levels in cases where local factor values decrease.

The school funding operational guide provides further detail on the tightening requirements for local authorities, and the allowable factor value ranges for each authority in 2024-25 are published here: [Pre-16-schools-funding-local-authority-guidance-for-2024-to-2025](#).

The comparison between the local factor values and the NFF factor values is made with the Area Cost Adjustment (ACA) removed from all the NFF factors used by the local authority. As such, the required movement towards the NFF for each individual local authority is a movement to the NFF value from the local values as adjusted by the removal of that authority's ACA. Throughout the discussion in this note, references to local values should be taken to mean the ACA-removed local values.

We have only included the sparsity factor in our analysis where that local authority has schools which are eligible for sparsity through the NFF. Otherwise, we have assessed the factor values that each local authority uses in their local formulae, whether these are greater or less than the equivalent NFF factor value and the extent to which they have moved closer to the NFF values in 2023-24.

There are a wide range of approaches that local authorities take in setting their local formulae, and it is not possible to cover each variation in this analysis. This analysis does not aim to extend to each of those variations between factors in the formulae and the interactions this produces. Where factor values do not mirror the NFF, we have not focused on the magnitude of divergence, but rather whether this is above or below the NFF value.

One reason why local formulae may depart from the NFF is because the local authority is making a funding block transfer, typically to support high needs. As confirmed in the response to the 2022 consultation Implementing the Direct NFF there will be continued flexibility to transfer funding to high needs budgets under the direct NFF. Until that point

we intend that the current approach to block transfers will remain a part of the NFF system.

It is not possible to foresee or model the exact impact that tightening local formulae will have at school level; individual schools' actual allocations will be affected by a wide range of factors, including, crucially, changes to the number and characteristics of their pupils. As such, where we describe the impact, this is in general terms. The effect of the tightening requirements on particular schools will depend on how local authorities use the remaining flexibility in their local formulae, including factors such as whether they choose to move more than 10% closer to the NFF values; whether and how they make use of the 2.5% flexibility offered by the mirroring threshold; the level of the MFG; and the extent to which they manage any affordability pressures through capping and scaling the funding increases of individual schools.

It is important to note that tightening will not have any impact on the distribution of funding across different local authorities, as it does not affect the total amount of funding each local authority is allocated through the NFF. Instead, the tightening requirements will only impact the distribution of funding between schools within local authorities.

We will conduct further analysis for future years following the same format as this analysis.

Overall patterns of movement

We have seen a significant increase in the number of local authorities which mirror the NFF in 2023-24 – now just over two-thirds of local authorities do so, compared to half of local authorities in the year before¹⁴.

In our 2023-24 NFF policy document we outlined three categories of local authorities depending on their 2022-23 local formulae:

- Local authorities that already mirror the NFF.
- Local authorities that already mirror the NFF in most factors¹⁵.
- Local authorities whose formulae are substantially different from the NFF¹⁶.

¹⁴ There are 153 local authorities with education responsibilities in England. Two of these; the Isles of Scilly and the City of London are not funded through the NFF. Therefore, this analysis focusses on the 151 local authorities who receive funding through the schools NFF.

¹⁵ We describe local authorities as mirroring in most factors where they mirrored at least 7 of the 9 factor local authorities are required to tighten. The nine factors in this analysis are: basic entitlement, FSM, FSM6, IDACI, English as an additional language, low prior attainment, mobility, lump sum, and sparsity. This excludes premises factors (rates, PFI, split sites and exceptional premises) which were all determined locally in 2023-24, and minimum per pupil levels (MPPLs) which are already compulsory for all.

¹⁶ We describe local authorities as substantially different from the NFF where at least 3 of 9 factors do not mirror the NFF.

In this analysis we have continued to use the same categories. The headline movement between these categories is outlined in Table One¹⁷. It shows that, in addition to an increase in the number of local authorities that mirror the NFF, we have also seen a decrease in the number of local authorities who are substantially different from the NFF.

Table One: Movement between categories from 2022-23 to 2023-24

Financial Year	Local authorities that mirror the NFF	Local authorities that mirror the NFF in most factors	Local authorities whose formulae are substantially different from the NFF.
2022-23	78	42	30
2023-24	106	24	21

Review of tightening impacts in 2023-24 and expected impacts in 2024-25

Wider impacts: Capping and Scaling and the Minimum Funding Guarantee

We have deliberately taken a gradual approach to the transition to the NFF. We set a 2.5% mirroring threshold, to avoid significant affordability pressures which would lead to a large expansion of capping and scaling and/or disapplication requests¹⁸.

This approach has been borne out in the changes we have seen in 2023-24.

On the MFG, in line with the trend seen over previous years, the overall funding through the MFG decreased from £253m in 2022-23 to £164m in 2023-24. 128 local authorities saw a decrease in the funding of the MFG, while 21 local authorities saw an increase in MFG funding in 2023-24.

We allowed local authorities to seek to disapply the MFG for affordability reasons¹⁹ (that is, to ensure that the local authority could set a local formula that complied with our rules, that would not cost more than their total NFF allocation). However, for 2023-24, we did

¹⁷ In 2022-23 78/150 local authorities mirrored the NFF. One of these local authorities was Cumbria. Cumbria local authority has since been reorganised into two new unitary authorities - Cumberland Council and Westmorland and Furness Council.

¹⁸ We received one disapplication request to disapply the MPPLs. Kent gained approval to set a lower value in the context of their safety valve agreement.

¹⁹ This would mean setting an MFG below 0%.

not receive any requests from local authorities to disapply the MFG on affordability grounds. 17 local authorities set their MFG below the 0.5% value, and 13 set it at 0%. Schools funded through the MFG in these local authorities therefore will have seen no increase to pupil-led funding per pupil in 2023-24.

The number of local authorities capping and scaling gains stayed broadly the same in 2023-24 as in 2022-23 (increasing from 31 to 32). However, the total amount deducted through capping and scaling increased from £26m to £43m.

Affordability constraints resulting from the tightening requirements appears to be the cause of the increased use of capping and scaling in some local authorities. However, in some local authorities, an increased use of block transfers and/or an increase in the percentage transferred can also explain the increase in capping and scaling. Examples are discussed in the detailed analysis sections below.

Local authorities with a large proportion of schools funded through the floor

There are other factors which will affect the distributional impact of the tightening requirements. A notable one relates to local authorities where a large proportion of schools are funded through the NFF funding floor.

The funding floor in the NFF is the national equivalent of the local authorities' MFG. In local authorities where a large proportion of schools attract additional funding through the floor, local authorities can afford to set their formula factors above the NFF levels. As these local authorities are required to move their formulae closer to the NFF, these factor values will decrease (or at least increase at a lower rate than the NFF factor values). As a result, we expected that in these local authorities in 2023-24 that schools would be funded less through their core factors and more through the MFG – and the majority of schools in these local authorities would see their per pupil funding increase in line with the MFG.

Overall, we have not seen this trend materialise. Nationally, the proportion of schools funded through the MFG has decreased from 21% in 2022-23 to 16% in 2023-24. Focusing on London in particular (where local authorities have historically higher levels of funding), of the 32 local authorities funded through the NFF²⁰, 26 have seen a reduction in the number of schools funded through the MFG. 31% of schools in London are now funded through the MFG compared to 43% in 2022-23.

Two local authorities which have seen a big reduction in the proportion of schools on the MFG include Greenwich and Lewisham²¹. Each of these local authorities were mirroring

²⁰ City of London is excluded here.

²¹ In Greenwich the proportion of schools on the MFG decreased from 81% to 38% between 2022-23 and 2023-24. In Lewisham the proportion decreased from 78% to 46% between 2022-23 and 2023-24.

the NFF in 2022-23, and so it is clear that the reduction in MFGs is not driven by tightening towards the NFF. In these local authorities, schools will have moved off the MFG as funding towards the core factors increased in the 2023-24 schools NFF.

Six London local authorities saw the proportion of schools funded through the MFG increase. Of these the most significant increases were seen in Hackney, and Hammersmith and Fulham.

In Hackney in 2023-24 the local authority significantly reduced the proportion of funding through the basic entitlement factor, bringing it much closer to the NFF. As a result, we can see that the proportion of schools funded through the MFG increased from 34% to 77%. In total over £1m more funding was allocated through the MFG in 2023-24 than in 2022-23.

In 2022-23 Hammersmith and Fulham was categorised as departing significantly from the NFF. In 2023-24 the local authority tightened all factors significantly more than the 10% required and as a result the local authority is now mirroring the NFF. As schools have seen funding through their core factors decrease, more have been funded through the MFG. The proportion of schools funded through the MFG increased from 32% to 51% and the amount allocated through the MFG increased by over £600,000.

In 2024-25 we expect that as core factor values rise the overall trend will be for the number of schools funded through the MFG to decrease. However, there are still two local authorities (Hackney and Newham) which have some factor values significantly above the NFF which we expect will see an increase in spending through the MFG as factor values decrease (or at least increase at a lower rate than the NFF factor values) and schools are funded less through their core factors and more through the MFG.

Local authorities that mirror the NFF

In 2022-23 there were 78 local authorities (of 150 local authorities in England) whose formula factor values were all within 2.5% of the NFF factor values²², and were therefore deemed to mirror the NFF for the purpose of the tightening criteria²³.

Local authorities who were already “mirroring” the NFF were not required to move their factor values closer to the NFF in 2023-24. Therefore, for over half of local authorities (52%) there was no distributional impact from the tightening requirements.

In 2023-24 a further 27 local authorities now mirror the NFF. This means 106 local

²² This includes local authorities who mirror the NFF in all factors except sparsity, but have no schools who would be eligible for sparsity funding.

²³ ESFA guidance, (Schools block funding formulae 2022 to 2023: analysis of local authorities' schools block funding formulae - GOV.UK (www.gov.uk)), counts 74 local authorities mirroring the NFF. That guidance uses a threshold for mirroring the NFF of local authority factor values within 1% of NFF values in 2022-23, rather than the 2.5% that is used for the tightening criteria. The ESFA comparison also excludes mobility, whereas this analysis includes it.

authorities'²⁴ formulae mirrored the NFF in 2023-24. These 106 local authorities will, therefore, not be affected by the tightening requirements in 2024-25 – except by being restricted in their ability to move away from the NFF values.

Local authorities that mirror the NFF in most factors

This section focusses on local authorities that mirror the NFF in most factors. We describe local authorities as mirroring in most factors where they mirrored at least seven of the nine factors local authorities are required to tighten.

2022-23

In 2022-23, 42 local authorities mirrored the NFF in at least seven out of the nine factors local authorities were required to tighten. Where these local authorities departed from the NFF it was, for the most part, in the sparsity, mobility, lump sum or basic entitlement factors, or a combination of these. There were nine local authorities who differed from the NFF through one of the deprivation, low prior attainment and English as an Additional Language factors.

2023-24

In 2023-24, 23 of these 42 local authorities moved to mirroring the NFF. The remaining 19 all continued to mirror the NFF in at least seven of nine factors. A further five local authorities moved from significantly departing the NFF to mirroring in most factors in 2023-24.

Therefore, in total there are 24 local authorities²⁵ who mirror the NFF for at least seven out of the nine factors which local authorities will be required to tighten in 2024-25. Where these local authorities depart from the NFF it is, for the most part, in the mobility, lump sum or sparsity factors, or a combination of these. There are seven local authorities who differ from the NFF through one of the basic entitlement, English as an Additional Language and/or deprivation factors. The expected impact of tightening in these local authorities is discussed below.

Sparsity

The sparsity factor allocates additional funding to small and remote schools, recognising the challenges these schools face.

Table Two: Local authorities which mirror the NFF in most factors but do not mirror for sparsity.

²⁴ Table A

²⁵ Table B

Local authorities which mirrored the NFF in most factors but did not mirror for sparsity in 2022-23.	Of which, local authorities which newly mirror for sparsity in 2023-24.	Local authorities which mirror the NFF in most factors but do not mirror for sparsity in 2023-24.
16	9	9

Nine²⁶ of the 16 local authorities which did not mirror the NFF for sparsity in 2022-23 now mirror the NFF factor values for sparsity.

Of the six local authorities which remained as mirroring in most factors in 2023-24 but not for sparsity, all moved the minimum amount of 10%²⁷ towards the NFF values in 2023-24. As expected, given the small fraction that sparsity funding accounts for within the local authorities overall funding levels, the movement towards the NFF did not require local authorities to make any significant changes to other factor values in order to afford the increased sparsity factor value.

For example, in Devon all factor values which moved, moved 10% or more closer to NFF values. Where some factors had previously mirrored the NFF these remained as mirroring exactly (0.00%).

As a result of tightening requirements, three additional local authorities, whose local formula was substantially different to the NFF in 2022-23, joined the category of mirroring in most factors of the NFF but not for sparsity in 2023-24, giving a total of nine.

Of the nine local authorities which nearly mirror the NFF but do not for sparsity, eight have lower sparsity factor values than the NFF. Small, remote schools in these local authorities would be expected to benefit from the further tightening requirement in 2024-25 as these local authorities are required to bring their formulae closer to the NFF. As we saw in 2023-24, as the cost of increasing the sparsity factor in these local authorities will only constitute a very small fraction of these local authorities' overall funding levels we do not expect that these local authorities would be required to make any significant changes to other factor values in order to afford the increased sparsity factor. This means that the per pupil impact of tightening on other schools in these local authorities is expected to be small or non-existent.

One local authority has higher sparsity factor values than the NFF. If there is a negative impact for any of these schools as a result of tightening in 2024-25, they will be protected from drops in funding through the MFG. While the MFG protects schools from losses in pupil-led funding, year-on-year changes in school-led funding are also included in the protection. The MFG (and the NFF floor) were specifically designed in this way in order to protect schools from losses in school-led funding – whether through the lump sum or sparsity – as local formulae transition towards the NFF.

In addition to varying factor values, some local authorities use a different sparsity methodology to the NFF. In 2023-24, two of the nine local authorities which nearly mirror

²⁶ Halton is not included here. The local authority mirrored the NFF for most factors but not for sparsity in 2022-23. In 2023-24 the local authority no longer had any sparse schools.

²⁷ 10% movement includes movement at exactly 10% and up to 11%. Throughout we have counted movement as above the tightening requirements when it was equivalent to 11% or more.

the NFF but not for sparsity used a different methodology. As was the case in 2023-24, we will not be requiring local authorities to mirror the NFF methodology for 2024-25.

Mobility

The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.

Table Three: Local authorities which mirror the NFF in most factors but do not mirror for mobility.

Local authorities which mirrored the NFF in most factor but did not mirror for mobility in 2022-23.	Of which, local authorities which newly mirror for mobility in 2023-24.	Local authorities which mirror the NFF in most factors but do not mirror for mobility in 2023-24.
14	11	4

Out of the 14 local authorities that nearly mirrored the NFF but not for mobility in 2022-23, eleven moved to mirror the NFF in the mobility factor in 2023-24. In these local authorities, ten did not previously include a mobility factor at all, and one had a lower factor value. As these 11 moved to mirror the NFF, schools within these local authorities which have high numbers of mobile pupils will have benefited from this change. For example, in Central Bedfordshire c. £300,000 was allocated to mobility in 2023-24, where previously no funding had been provided.

The cost of increasing the mobility factor in these local authorities constituted only a very small fraction of these local authorities' overall funding. Therefore, the increased mobility funding will not have had any significant impact on other factor values.

As a result of tightening requirements, one additional local authority joined the category of mirroring the NFF in most factors but not for mobility (giving a total of four²⁸).

Of these four local authorities, three moved the required 10% towards the NFF and one local authority moved closer than required.

In these local authorities, schools with high numbers of mobile pupils would be expected to benefit from the further tightening requirement in 2024-25. As seen in 2023-24, these local authorities would not be required to make significant changes to other factor values in order to afford the increased mobility factor as the total proportion of NFF funding towards mobility in these local authorities is small²⁹.

²⁸ Table D.

²⁹ NFF funding for mobility constitutes between 0.018% and 0.081% of total NFF funding in these local authorities; and the local authority is only required to move the value of their mobility factor 10% closer to the NFF value.

Lump sum

All schools receive a lump sum.

Table Four: Local authorities which mirror the NFF in most factors but do not mirror for the lump sum.

Local authorities which mirrored the NFF in most factors but did not mirror for the lump sum in 2022-23.	Of which, local authorities which newly mirror for the lump sum in 2023-24.	Local authorities which mirror the NFF in most factors but do not mirror for the lump sum in 2023-24.
10	5	7

Out of the 10 local authorities that nearly mirrored the NFF but not for the lump sum in 2022-23, five moved to mirror the NFF in the lump sum factor in 2023-24. Of these, one previously had a lump sum lower than the NFF and four³⁰ had higher. In the four whose lump sum was previously higher, whilst schools in these local authorities will have received less funding through the lump sum, a greater share of funding will have been allocated via the pupil-led factor values.

As a result of tightening requirements, two additional local authorities joined the category of mirroring the NFF in most factors but not for the lump sum (giving a total of seven³¹).

Five of these local authorities have a lower lump sum factor value in the local formulae than the NFF. Of these five, two moved the required 10% towards the NFF and three moved closer than required in 2023-24. As a result, all schools in these local authorities will have received a greater lump sum value in 2023-24 compared to 2022-23. There were no discernible effects on other factors to support the increase to the lump sum. In three local authorities no other factor values decreased relative to the NFF. In two local authorities, whilst other factor values did decrease, these remained as mirroring the NFF – therefore any changes were overall marginal.

In 2024-25 as these local authorities continue to move their factor values closer to the NFF, the lump sum value their schools receive will increase, with particular benefit to small (typically primary) schools where the lump sum makes up a larger portion of their overall budget. The effect on other schools in these local authorities will depend on how the local authority chooses to pay for this increase.

Two of the remaining local authorities which are mirroring the NFF in most factors but do

³⁰ Bedford Borough, Portsmouth, Essex and West Sussex. Essex and West Sussex had a higher primary lump sum but the secondary lump sum mirrored the NFF.

³¹ Table E

not mirror for the lump sum have a higher lump sum factor in at least one phase in their local formulae than the NFF. Both LAs moved their lump sum values closer to the NFF than the 10% tightening requirement - moving between 21% and 71% closer. For example, in Kingston upon Thames the lump sum values are now about 11% higher than the NFF, having moved closer by over 60 % in 2023-24. This will have reduced the school-led funding that schools in the local authority received in 2023-24. As expected, the decrease in the lump sum freed up funding in the local formulae for other factors, allowing Kingston upon Thames to move its basic entitlement values closer to the NFF³².

As these two local authorities further tighten their formulae in 2024-25 schools in these local authorities will see a reduction in their school-led funding. The decrease in the lump sum will free up funding in the local formulae, and the net impact on individual schools will depend on how the local authorities choose to redirect that funding. Small primary schools, which are more reliant on the lump sum than larger schools, could be expected to lose out relative to other schools. However, all schools will be protected from sudden drops in their funding through the MFG. As noted above, year-on-year changes in school-led funding are included in the MFG protection – with the MFG specifically designed that way to protect schools from losses in school-led funding as local formulae transition towards the NFF.

Basic entitlement

All pupils attract basic entitlement funding. The amount a pupil attracts depends on which key stage they are in. The basic entitlement factor distributes the majority of funding in the NFF, and changes to the basic entitlement can therefore be particularly significant in terms of determining schools’ overall funding levels.

Table Five: Local authorities which mirror the NFF in most factors but do not mirror for basic entitlement.

Local authorities which mirrored the NFF in most factors but did not mirror for basic entitlement in 2022-23.	Of which, local authorities which newly mirror for basic entitlement in 2023-24.	Local authorities which mirror the NFF in most factors but do not mirror for basic entitlement in 2023-24.
4	1	3

Out of the four local authorities that nearly mirrored the NFF but not for basic entitlement in 2022-23, one, West Northamptonshire, moved to mirror the NFF in 2023-24³³. In doing

³² Values moved from 1.3% below the NFF in 2022-23 to 0.22% below in 2023-24.

³³ The local authority also moved the IDACI Secondary D amount per pupil. All other values were already mirroring.

so, they increased the value of the basic entitlement factor value, creating a budget pressure in the local formula. This affordability pressure was managed by capping and scaling. The local authority went from not using any capping or scaling in 2022-23, to deducting a total of about £2.6m³⁴ through capping and scaling in 2023-24. The MFG threshold was set at 0.5%.

No additional local authorities joined this category of mirroring the NFF in most factors but not for basic entitlement following tightening requirements in 2023-24 (therefore, three³⁵ local authorities remain in this category). All of these three moved closer by more than the 10% required under tightening requirements. These three all have basic entitlement values, in at least one school phase, higher than the NFF values.

In 2022-23 the Basic Entitlement factor for Primary in Barking and Dagenham was much higher than the NFF. Following tightening in 2023-24 the local authority now mirrors the NFF in all factors with the exception of primary basic entitlement. In Essex, the factor values for all three phases moved closer to the NFF, with both the primary and KS4 factor values moving significantly. The primary and KS3 values now mirror the NFF, with the KS4 value slightly higher than the NFF.

In Hackney the basic entitlement factor was significantly higher than in the NFF in 2022-23. In 2023-24 the factor moved c. 27 % closer to the NFF values across all three phases, however, all three remain significantly above the NFF factor values. As predicted, and in line with a reduction to the basic entitlement funding the level of funding distributed through the MFG increased in 2023-24. The total funding allocated through the MFG increased by 67%, from £1.7m in 2022-23 to £2.8m in 2023-24.

Local authorities whose formulae are substantially different from the NFF

2022-23

In 2022-23 30 local authorities departed significantly from the NFF. We defined this group as including local authorities whose local formula factors diverged in at least three out of nine factors from the NFF.

2023-24

Of the 30 local authorities, four moved to mirror the NFF in 2023-24 and a further five moved to mirror in at least seven of nine factors.

Of the four local authorities who moved to mirror the NFF, all moved by significantly more than the 10% requirement. None of these local authorities used capping and scaling.

³⁴ This represents 0.8% of the total Schools Block in West Northamptonshire.

³⁵ Table F

Whilst the funding spent on the MFG decreased in three of the local authorities, indicating increased funding through the formula factors, in one local authority (Hammersmith and Fulham) it increased. With the exception of the FSM factor, all factors had previously been set significantly above NFF values in Hammersmith and Fulham. As the local authority moved to mirror the NFF, therefore, less funding was allocated through the factors leading to an increased MFG.

There are 21³⁶ local authorities who continue to depart significantly from the NFF in at least three of the nine factors that local authorities will be required to tighten in 2024-25.

Where these local authorities depart from the NFF it is, for the most part, in the deprivation and/or other additional needs factors, or a combination of these. The expected impact of tightening in these local authorities is discussed below.

Deprivation factors typically higher than the NFF

Table Six: Local authorities whose formulae are substantially different from the NFF and have deprivation factors typically higher than the NFF.

Local authorities whose formulae were substantially different from the NFF and which had deprivation factors which are typically higher in 2022-23.	Of which, local authorities which newly mirror for deprivation in 2023-24.	Local authorities whose local formulae are substantially different from the NFF and have deprivation factors which are typically higher in 2023-24.
3	2	2

In 2022-23 three local authorities targeted funding to deprived pupils through typically higher local deprivation factor values compared to the NFF, balanced against lower basic entitlement factor values, or a lower lump sum. (By “typically higher” we mean local authorities where at least one deprivation factor is higher than the NFF, with the rest mirroring the NFF.)

One of the local authorities, Bromley, is now mirroring the NFF in 2023-24. As expected, the move towards the NFF, and reduction in the deprivation factors, was balanced by the overall increase in NFF deprivation factor funding in 2023-24 and so deprivation funding remained at c. 7% of the proportion of funding allocated within the local authority.

In Windsor and Maidenhead, all deprivation factors now mirror the NFF. However, the lump sum and sparsity remain lower than the NFF. The local authority has also managed to reduce the level of capping and scaling in 2023-24. As in Bromley, the tightening of

³⁶ Table G

deprivation factors towards the NFF was balanced by the overall increase in NFF deprivation factor funding in 2023-24. In 2022-23 deprivation factors were allocated 3.8% of funding, and in 2023-24 this increased to 4.1%.

Following the tightening requirements in 2023-24, an additional local authority has joined the category of being substantially different from the NFF and having deprivation factors typically higher (it had previously had some deprivation factor values higher, and some lower, than the NFF). There are now two local authorities in this group (Croydon and Bristol)³⁷.

Deprivation factors remain higher than NFF values in Bristol. With the exception of FSM6 (which moved 90% closer) deprivation factors moved by the required minimum value of 10%. Overall deprivation funding changed from 12.6% of funding in 2022-23 to 12.5% of funding in 2023-24 as the local factor moved closer to the NFF values.

In Bristol, all three basic entitlement values are lower than the NFF values. As Bristol further tightens towards the NFF (by increasing basic entitlement and reducing deprivation funding) the net impact on schools will be reduced as all schools should receive more funding through basic entitlement, though schools with significant numbers of more deprived pupils may lose some funding. Croydon mirrors all deprivation factors bar the IDACI A Primary and Secondary funding amounts, which are higher than the NFF values. As these tighten there will be a small reduction in funding through deprivation. However, at present the local authority has a lower basic entitlement value for KS4 pupils. As this moves closer to the NFF schools will receive more funding through this factor. The net impact on deprivation funding in Croydon and Bristol will depend on the specific circumstances of each authority.

Any school losing out from a decrease in the value of the deprivation factors as these local authorities move towards the NFF will be protected by the MFG.

Deprivation factors typically lower than the NFF

Table Seven: Local authorities which are substantially different from the NFF and have deprivation factors typically lower than the NFF.

Local authorities whose local formulae were substantially different from the NFF and which had deprivation factors which are typically lower in 2022-23.	Of which, local authorities which newly mirror for deprivation in 2023-24.	Local authorities whose local formulae are substantially different from the NFF and have deprivation factors which are typically lower in 2023-24.
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³⁷ Table H

6	2	4
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Of the six local authorities which had deprivation factors typically lower than the NFF in 2022-23 two (Thurrock and Merton) moved to mirror the NFF deprivation factors in 2023-24. North East Lincolnshire continues to mirror all deprivation factors with the exception of FSM, which it moved significantly closer in 2023-24. Due to other tightening movements the local authority has moved to the category of mirroring the NFF in most factors and so is discussed in the preceding section.

Thurrock moved all factor values by over the 10% required, allowing them to move much closer to the NFF – and into the category of mirroring the NFF in most factors. The local authority did not need to cap and scale any gains to deal with affordability pressures created by tightening.

Merton had several factors below the NFF values in 2022-23. In 2023-24, the LA moved to mirroring the NFF in most factors, and all factors which were not previously mirroring moved more than the 10% required. One factor, the lump sum, remains as not mirroring the NFF and is lower than the NFF value. The LA did not need to cap and scale gains to afford these movements towards the NFF.

A further local authority joined this category in 2023-24 (Wokingham³⁸) giving a total of four local authorities³⁹ who are substantially different from the NFF and have deprivation factors typically lower than the NFF.

Of these four local authorities, three moved at least some deprivation factor values closer than the 10% required under tightening rules in 2023-24. None of these local authorities needed to cap and scale gains to afford this movement towards NFF values.

In these four local authorities, schools with high numbers of pupils which meet deprivation indicators would be expected to benefit from the further tightening requirement in 2024-25. Kensington and Chelsea has a higher basic entitlement factor than the NFF, and so we would expect the local authority to use this to ease the affordability pressures that tightening of deprivation factors may cause in 2024-25. The effect within the local authority should be to rebalance funding towards pupils with deprivation indicators. In the remaining three local authorities, no factor values are above the NFF. Therefore, to support tightening and the affordability pressures it may cause in 2024-25 local authorities may have to utilise capping and scaling or use flexibility around the level of MFG they set.

³⁸ In 2022-23 Wokingham's local formulae was substantially different from the NFF and it had deprivation factors both above and below the NFF.

³⁹ Table I

Local authorities which have some deprivation factor values that are higher than the NFF values, and others lower.

Table Eight: Local authorities which were substantially different from the NFF and had some deprivation factors higher and some typically lower than the NFF.

Local authorities whose formulae were substantially different from the NFF and had deprivation factors both above and lower than the NFF in 2022-23.	Of which, local authorities which newly mirror for deprivation in 2023-24.	Local authorities whose formulae are substantially different from the NFF and have deprivation factors both above and lower than the NFF in 2023-24.
17	1	14

In 2022-23 17 local authorities had higher values for some deprivation factors than the NFF, and lower values for others, giving a mixed picture overall. One of these local authorities (Hammersmith and Fulham) moved to mirror the deprivation factors in the NFF in 2023-24. Two also moved category, with one now having at least one deprivation factor higher than the NFF (Croydon) and the other moving to factor values typically lower than the NFF (Wokingham). These two local authorities have been discussed above.

Of the 14 local authorities⁴⁰ that have deprivation factors both above and below the NFF in 2023-24, ten moved at least one factor value more than the 10% required closer to the NFF. Six of these local authorities saw a decreased use of the MFG⁴¹, suggesting overall factor value increases. None of these six were required to increase the use of capping and scaling to make the tightening requirements more affordable. (Four of them did not cap or scale gains at all, and the other two deducted less in capping and scaling than in 2022-23.)

Focusing on the four local authorities which moved at the 10% rate required, all four saw either a decrease in the use of the MFG or no change. However, in three of these local authorities the use of capping and scaling increased. In Wandsworth capping and scaling increased by c. £1.9m. No funding was transferred to other blocks and so it is likely that this was caused by the movement of factor values towards the NFF, and a reduction in the use of the MFG as factor values increased. In Sandwell, the local authority capped and scaled gains to the value of c. £2.6m. £450,000 of this can be explained by a block transfer to the Central Schools Services Block (CSSB). The

⁴⁰ Table J

⁴¹ Camden, Southwark, Westminster, Haringey, Manchester and Hertfordshire.

remainder is likely to be substantially due to the tightening requirements.

As these two local authorities move their factor values further towards the NFF values in 2024-25, the use of capping and scaling may increase. The impact of tightening on the remaining local authorities will depend on how their local authorities respond to the tightening requirements as well as the schools' specific pupil cohorts. For some schools, the effect may be small, if the effect of moving closer to the NFF is simply to shift the funding that the school receives from one deprivation factor to another.

Impact of tightening on other additional needs

In addition to deprivation there are three other additional needs factors; English as an additional language (EAL), mobility and low prior attainment.

Table Nine: Local authorities which were substantially different from the NFF and have diverged from the NFF in respect of the other additional needs factors.

Local authorities whose formulae were substantially different from the NFF and which have diverged from the NFF in respect of the other additional needs factors in 2022-23.	Of which, local authorities which newly mirror for other additional needs in 2023-24.	Local authorities whose formulae are substantially different from the NFF and have diverged from the NFF in respect of the other additional needs factors in 2023-24.
28	8	19

Eight local authorities moved to mirror the additional needs factors in 2023-24. Of these eight, four now mirror the NFF across all factors, three are mirroring in most factors (in at least seven of nine factors) and one now mirrors for additional needs but still departs significantly from the NFF. Six of the eight previously had lower attainment factor values than the NFF. Therefore, as a result of tightening schools with pupils with these characteristics will have been allocated more funding through these factors in 2023-24. A further local authority (Slough) moved to mirroring the NFF in most factors but is not mirroring across all additional needs factors.

Within the remaining 19⁴² local authorities which still do not mirror the other additional needs factors and are substantially different from the NFF, nine moved the required 10% closer to the NFF values in the other additional needs factors and 10 moved closer than the 10% required in at least one of these factors. Of the 19 local authorities, three saw an increase in capping and scaling of gains in 2023-24 which may have been the result of

⁴² Table K

affordability pressures caused by tightening. In Sandwell this was £2.6m, in Wandsworth it was c. £1.9m and in Hillingdon this was c. 100,000.

Nine of these local authorities⁴³ currently target less funding through these other additional needs factors in their local formulae compared to the NFF, by having typically lower other additional needs factors than the NFF. (As before, this means that they have at least one additional needs factor that is lower than the NFF value, and no additional needs factors that are above the threshold for mirroring the NFF value.) As these local authorities move closer to NFF values, schools with high proportions of pupils with other additional needs should see more funding allocated through these additional needs factors.

A further nine local authorities⁴⁴ have higher values for some additional needs factors than the NFF, and lower values for others, giving a mixed picture overall. One local authority, Newham, targets more funding through the other additional needs factors in their local formulae compared to the NFF. The impact on schools in Newham, and the other nine local authorities, will depend on how the local authorities adjust other parts of their local formulae to repurpose the funding.

Conclusion – impacts in 2023-24

This analysis shows that many local authorities moved their local formula closer to the NFF factor values than required under tightening rules for 2023-24. Indeed, of the 72 local authorities who did not mirror the NFF in 2022-23, 61 went beyond the minimum requirements, and moved at least one of their factor values more than 10%⁴⁵ closer to the NFF.

Overall, there are now only 21 local authorities which have local formulae substantially different to the NFF and a large majority (106) are now mirroring. Further tightening requirements in 2024-25 will therefore only impact the 45 local authorities who do not currently mirror the NFF.

The gradual approach adopted to tightening has ensured that local authorities avoided significant affordability pressures which would have resulted in a large expansion of capping and scaling and/or disapplication requests. We will continue with this gradual approach in 2024-25, setting a mirroring threshold at 2.5% and requiring a 10% movement closer to NFF values on tightening.

⁴³ Table L

⁴⁴ Table M

⁴⁵ We calculated this based on an 11% or above movement.

Local authorities that mirror the NFF in 2023-24

Table A: Local authorities that mirror the NFF in 2023-24

Barnet	Hampshire	Richmond upon Thames
Bath and North East Somerset	Harrow	Rochdale
Bedford Borough	Havering	Rutland
Bexley	Herefordshire	Salford
Birmingham	Hounslow	Sefton
Blackpool	Isle of Wight	Shropshire
Bolton	Islington	Solihull
Bournemouth, Christchurch & Poole	Kent	Somerset
Bracknell Forest	Kingston upon Hull	South Gloucestershire
Bradford	Knowsley	South Tyneside
Bromley	Lambeth	Southampton
Buckinghamshire	Lancashire	Southend on Sea
Bury	Leeds	Staffordshire
Calderdale	Leicester	Stoke-on-Trent
Cambridgeshire	Leicestershire	Suffolk
Central Bedfordshire	Lewisham	Sunderland
Cheshire East	Lincolnshire	Sutton
Cheshire West And Chester	Luton	Tameside
Cornwall	Middlesbrough	Thurrock
Coventry	Milton Keynes	Torbay
Cumberland	Newcastle upon Tyne	Tower Hamlets
Darlington	Norfolk	Trafford
Derby	North Lincolnshire	Wakefield
Derbyshire	North Northamptonshire	Waltham Forest
Doncaster	North Somerset	Warrington
Dorset	North Yorkshire	West Northamptonshire
Dudley	Northumberland	West Sussex
Durham	Nottingham	Westmorland and Furness
Ealing	Nottinghamshire	Wigan
East Riding of Yorkshire	Oldham	Wiltshire
East Sussex	Oxfordshire	Wirral
Gateshead	Peterborough	Wolverhampton
Gloucestershire	Plymouth	Worcestershire
Greenwich	Portsmouth	York
Halton	Redbridge	
Hammersmith and Fulham	Redcar and Cleveland	

Local authorities that mirror the NFF in most factors (in at least seven of nine factors) in 2023-24

Table B: Local authorities that mirror the NFF in most factors in 2023-24

Barking and Dagenham	Kingston upon Thames	Slough
Barnsley	Kirklees	Stockton-on-Tees
Blackburn with Darwen	Liverpool	Surrey
Devon	Medway	Swindon
Enfield	Merton	Telford and Wrekin
Essex	North East Lincolnshire	Warwickshire
Hackney	North Tyneside	West Berkshire
Hartlepool	Reading	Windsor and Maidenhead

Table C: Local authorities which mirror the NFF in most factors in 2023-24 but do not mirror for sparsity.

Devon	Hartlepool	Telford and Wrekin*
Blackburn with Darwen	North East Lincolnshire	West Berkshire
Enfield	Swindon	Windsor and Maidenhead

*Has a higher sparsity factor value

Table D: Local authorities which mirror the NFF in most factors in 2023-24 but do not mirror for the mobility factor.

Liverpool	Swindon	Warwickshire
Slough		

Table E: Local authorities which mirror the NFF in most factors in 2023-24 but do not mirror for the lump sum factor.

Merton*	Reading*	Windsor and Maidenhead*
Kingston upon Thames***	Stockton-on-Tees*	
Medway*	Surrey**	

*Lump sum values are lower than the NFF.

** Primary lump sum value mirrors the NFF and secondary lump sum is higher.

*** Lump sum values both higher than the NFF.

Table F: Local authorities which mirror the NFF in most factors in 2023-24 but do not mirror for the Basic entitlement factor.

Barking and Dagenham	Essex	Hackney
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Local authorities whose formulae are substantially different from the NFF in 2023-24

Table G: Local authorities whose formulae are substantially different from the NFF in 2023-24.

Camden	Hillingdon	Southwark
Brent	Kensington and Chelsea	St Helens
Brighton and Hove	Manchester	Stockport
Bristol	Newham	Walsall
Croydon	Rotherham	Wandsworth
Haringey	Sandwell	Westminster
Hertfordshire	Sheffield	Wokingham

Table H: Local authorities whose formulae are substantially different from the NFF and whose deprivation factors are typically higher than the NFF.

Bristol	Croydon
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Table I: Local authorities whose formulae are substantially different from the NFF and whose deprivation factors are typically lower than the NFF.

Kensington and Chelsea	Sheffield	Wokingham
Rotherham		

Table J: Local authorities whose formulae are substantially different from the NFF and who have some deprivation factor values that are higher than the NFF values, and others lower.

Camden	Hillingdon	Stockport
Brent	Manchester	Walsall
Brighton and Hove	Sandwell	Wandsworth
Haringey	Southwark	Westminster
Hertfordshire	St Helens	

Table K: Local authorities whose formulae are substantially different from the NFF and which diverge in respect of other additional needs factors.

Camden	Kensington and Chelsea	Stockport
Brent	Manchester	Walsall
Brighton and Hove	Newham	Wandsworth
Bristol	Rotherham	Westminster
Haringey	Sandwell	Wokingham
Hertfordshire	Southwark	
Hillingdon	St Helens	

Table L: Local authorities whose formulae are substantially different from the NFF and who target less funding through other additional needs factors than the NFF.

Camden	Kensington and Chelsea	St Helens
Haringey	Rotherham	Walsall
Hertfordshire	Southwark	Wokingham

Table M: Local authorities whose formulae are substantially different from the NFF and who have higher values for some other additional needs factors than the NFF, and lower values for others, giving a mixed picture overall.

Brent	Hillingdon	Stockport
Brighton and Hove	Manchester	Wandsworth
Bristol	Sandwell	Westminster



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