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Northumberland County Council

Your ref:

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Date: 21 September 2021

Dear Sir or Madam,

A virtual meeting of the **SCHOOLS' FORUM** will be held on **WEDNESDAY, 29 SEPTEMBER 2021** at **9.30 AM**. You will be sent a link to the meeting and I would be grateful if you could accept or decline the invitation accordingly.

I remind you that if you are unable to attend, you should arrange for an appropriate substitute to attend on your behalf. Alternatively forward any written representations to me in advance.

In the current situation can I ask that Forum members read all papers prior to the meeting and forward any questions or contributions to me in advance of the meeting, however, we will do everything possible to take comments at the meeting too.

Yours faithfully

Andrea Todd
Clerk to the Forum

To: Members of the Schools' Forum

**Copy to Cath McEvoy-Carr, Executive Director of Children's Services and Councillor
Guy Renner-Thompson**

AGENDA

It is expected that the matters included in this part of the agenda will be dealt with in public.

		Decision/Consultation/ Information/Action
1.	MEMBERSHIP AND MEMBERSHIP UPDATE	Information
2.	APOLOGIES FOR ABSENCE	Information
3.	DISCLOSURES OF INTERESTS (IF ANY)	Information
4.	MINUTES AND MATTERS ARISING (Pages 1 - 10) Minutes of the meeting of the Schools' Forum held on Wednesday 07 July 2021, as circulated, to be confirmed as a true record, and signed by the Chairman.	Action
5.	COMMUNICATION (Pages 11 - 14) FFC Committee Draft Minutes 15 September 2021	Information
6.	SCHOOL FORUM CAPITAL UPDATE (Pages 15 - 30)	Information
7.	FAIR FUNDING FOR ALL: COMPLETING THE REFORMS TO THE NATIONAL FUNDING FORMULA (Pages 31 - 96) (DfE Consultation – previously circulated, copy attached, together with Consultation questions, and proposed response)	Information/Consultation
8.	NATIONAL FUNDING FORMULA AND SCHOOLS FUNDING UPDATE (ATTACHED) (Pages 97 - 104)	Information
9.	2021/22 WORK PROGRAMME AND MEETING DATES (ATTACHED) (Pages 105 - 106)	Information
10.	ANY OTHER BUSINESS	Information / Action
11.	DATE OF NEXT MEETING The next scheduled meeting of the Schools' Forum is Wednesday 17 November 2021	Information

NORTHUMBERLAND COUNTY COUNCIL

SCHOOLS' FORUM

At a virtual meeting of the Schools' Forum on Wednesday, 7 July 2021 at 9:30 am.

PRESENT

C Pearson (in the Chair)
Trustee, Three Rivers Learning Trust

Headteacher Representatives

M Deane-Hall, Wooler First
F Hartland, Kielder Primary

B Ryder, Berwick Middle

Governor Representatives

K Faulkner, Collingwood School and
Media Arts College

B Watson, St Robert's RC First
I Walker, Duchess' High
G Wilkins, St Wilfrid's RC Primary

Academies Representatives

G Atkins, Queen Elizabeth High
A Alden, (Substitute NCEA)
A Crawley (Substitute JCSC)

A Thelwell, Bede Academy
S Wild, NCEA Castle

Church of England Diocese - Nicola Threlfall

Early Years' Representative – Kath Dickinson

Trades Union Representative - R E Woolhouse

16 - 19 Provider of Education Representative - Not present

Northumberland County Council Elected Member – Not present

Ch.'s Initials.....

OFFICERS IN ATTENDANCE

S Aviston	Head of School Organisation and Resources
A Kingham	Interim Director of Education and Skills
L Little	Senior Democratic Services Officer
B Parvin	Education and Skills Business Manager
R Pickering	Senior SEND Manager
C Ponting	Senior Manager, Schools HR
A Russell	Principal Accountant
D Street	Deputy Director of Education
N Taylor	Head of Inclusive Education Services

90. MEMBERSHIP AND MEMBERSHIP UPDATE

- 90.1 Mr Parvin advised that Nicola Threlfall who was the Headteacher at Embleton Vincent Edwards Primary CE School was to join the Forum as the Church of England Diocese representative and Kath Dickinson from SEND to Learn Nursery was to join as the Early Years representative, and welcomed them to their first meeting.
- 90.2 Mr Deane-Hall and Mr Faulkner had completed four years as members and both had indicated that they would be prepared to continue serve on the Forum and Mr Parvin asked that their positions be ratified and this was agreed.
- 90.3 An expression of interest had been received from Nichola Brannen from the Federation of Whalton and Longhorsley for one of the vacant primary positions, she was unable to join the meeting today but would join in September.
- 90.4 Mrs Little was also welcomed as the Clerk to the meeting.
- 90.5 Mr Pearson had served for four years on the Forum and he had advised that he would be prepared to serve again and be agreeable to be appointed as Chair of the Forum in line with the terms of reference for a further two years. This was agreed by the Forum.
- 90.6 Following Mr Walker's retirement, there was a vacancy as the Chair of the Funding Formula Meeting and also as Vice-Chair of the Forum. Mr Parvin asked for expressions of interest to be forwarded to him and advised that the roles could be separated if necessary.
- 90.7 Mr Woolhouse advised that this would be his last meeting of the Forum.

91. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr Hardie (Alison Alden was in attendance as substitute) and Mr Heminsley.

Ch.'s Initials.....

92. MINUTES AND MATTERS ARISING

RESOLVED that the minutes of the meeting of the Schools' Forum held on Wednesday, 24 February 2021, as circulated, be confirmed as a true record and signed by the Chair.

Matters Arising:

- 92.1 Minute 84.1: There was no further update to be provided in respect of the retrieval of public money from Bright Tribe. It was clarified that this was government funding which had been given to Bright Tribe and was not the Council's money to retrieve, although attempts had been made by the former Cabinet Member for this to happen. Concern was expressed that this funding should have been spent on Northumberland Children and the Chair asked that a statement be provided to the Forum. Mrs Kinghorn advised that she was meeting with the Regional Schools Commissioner the following week and would seek a response and would ensure that Councillor Renner-Thompson would provide a reply to the Forum. Mr Parvin clarified that the children of Haydon Bridge did not lose out as the Council had agreed a package to support the school following the withdrawal of Bright Tribe. However there was still a public interest there as public money had been provided to Bright Tribe.
- 92.2 Minute 84.3: A report on the School Organisation Plan and Update on the Capital Investment Plan would be provided for the September meeting. It was clarified that the School Organisation Plan which had been approved by the Families and Children's Services OSC was only an update and a new Plan would be written over the summer period and be brought to the Forum in September.

93. COMMUNICATION

- 93.1 Mr Wilkins advised that the March minutes of the High Needs Sub Committee had been ratified at the meeting in June and could be accepted by the Forum and the June minutes were a draft and would be ratified at the next meeting. There had been some interesting items for discussion; however these were covered later in the agenda and questions could be picked up at these points.

94. SCHOOL FORUM OPERATIONS AND GOVERNANCE

- 94.1 Mr Parvin stated that the legislation in relation to Schools Forums had largely remained unchanged since 2012 until last year when it was changed to allow meetings to be held virtually.
- 94.2 In discussing the first recommendation on the report which was to consider if the Forum wished to continue to meet virtually, there were varying opinions put forward with some stating that meeting virtually had allowed greater participation, with time being saved by not having to travel to County Hall, especially for those in the more rural parts of the County. Others thought that meeting face to face provided value especially for new members on the Forum through the ability to talk to others from

Ch.'s Initials.....

different settings. Those with experience of a hybrid style of meetings had not found that these worked well.

- 94.3 It was agreed that the Chair would discuss the agenda for each meeting with Mr Parvin and meetings would continue to be held virtually unless it was considered there was a good reason for the meeting to be held in person. Virtual meetings would still need to be accessible to the public.
- 94.4 Mr Parvin highlighted the current ESFA Best Practice Guide in comparison to the Northumberland Schools Forum Terms of Reference (ToR) with specific reference to Special Academies Representative, as previously Northumberland did not have Special Academies. Special Academies were already represented by Sara Wild as a member of the Forum and therefore the ToR should be updated to reflect this.
- 94.5 Forum had further vacancies and representatives for these would continue to be pursued.
- 94.6 As stated previously there were vacancies for both the Vice-Chair of the Forum and Chair of the Funding Formula Committee and Members were asked to contact Mr Parvin if they were interested in these roles.
- 94.7 Mr Parvin highlighted the makeup of the membership of the Forum and advised that whilst it remained proportionally representative he would seek additional representatives and would run an advert on E-Courier seeking interest from September when schools returned.
- 94.8 It was clarified that Mr Wilkins, in line with best practice, had already been recorded as an Academy representative.
- 94.9 Mrs Kinghorn queried paragraph 2.9 on in the ToR in relation to voting rights and asked that a table be provided to enable everyone to be clear about exactly what they could vote on. Mr Parvin would publish that information.
- 94.10 The Chair highlighted section 3 in the ToR and suggested that the minutes be made available. He considered that the Council published extensive and sufficient information, often for comment, and he did not feel that this needed to be amplified by Schools Forum directly.
- 94.11 There were no objections to the suggestion put forward by Mr Parvin that the front page of the Schools' Forum website should include the membership. He reminded members that they should take opportunities to communicate decisions of the Forum through their networks and drive traffic to the Schools' Forum website for reference.
- 94.12 Mr Deane-Hall advised that a different authority had a similar approach and a summary document which linked into the minutes was put on the website so that members did not have to feed out information to their networks.

Ch.'s Initials.....

95. 2020/21 DEDICATED SCHOOLS GRANT (DSG) OUTTURN

- 95.1 Ms Russell advised that the final DSG for the 2020/21 year was £137.062m with a final outturn of £0.898m underspend spread across all blocks except for the High Needs Block as provided in paragraph 4.1 of the report. Detailed information was set out under the separate headings in the report.
- 95.2 In addition to the alternative funding provided through the Contain Management Outbreak Funding (CMOF) for 2020/21, the Council would continue to make best use of alternative funding sources.
- 95.3 It was the intention to ring fence the year end position on each block to ensure that funds carried forward could be utilised effectively to meet the emerging priorities within the specific areas of the DSG. A monitoring report would be provided at the September meeting on the position at that point, what grants were still available to the Council and the plan for the next twelve months from that point.
- 95.4 Ms Russell sought to clarify recommendation (a) as it should state that the High Needs Block deficit should have first call on the £184,000 carry forward from the 2020/21 DSG.
- 95.5 Ms Ponting clarified that there had been some changes on the trade unions time facility funds with new members joining and the SLA runs on the academic year therefore the de-delegated funding was required to be split across 2 years. A report would be brought back to Schools Forum in the Autumn explaining how the de-delegated and the underpinning SLA allowing Academies and other schools buy in operates.
- 95.6 In response to a question regarding families losing out in relation to the underspending on the Early Years Block, Mr Street advised that this was what was predicted to happen but there could be clawback based on the census figures and the summer count which was required to be shared with the DfE and it would be November 2021 when the figure was known. £120,000 of this was the underspend in DAF as this was an estimate on what the County would need rather than the actual number of families who were eligible for DAF at this time. He suggested that Forum might wish to consider using the surplus DAF to support the Early Years inclusion fund which might release some of the pressure which remained on the High Needs Block. He advised that throughout the pandemic that all those families who had a need for childcare had been found places within two to three weeks . Carrying forward would allow more flexibility to increase rates and passport as much to the providers as possible.
- 95.7 Mrs Dickinson advised that there had been a massive under-application for DAF funding and she had been asked to write a case study to practitioners to show how easy it was to apply for and how it could be used. A link to the E-mag would be forwarded to all Forum Members.

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- 95.8 Mr Deane-Hall advised that his school Early Years had seen a massive drop-off in payments as parents did not need to access the service. Unlike private settings schools had been unable to access the grants and his school had received only £12,000 in fees as opposed to the £50,000 which had been included in the school's budget and necessitated him having to juggle budgets and staff to compensate. He had subsequently lost 2 staff members due to a lack of job security. This was a frustrating situation when community clubs etc were able to attract funding and his school was the only setting in the local community which had Early Years provision and they were unable to access any grants. If this situation was replicated in other areas he questioned if some of the underspend be used to ensure that the service in those affected schools could continue.
- 95.9 Mr Street advised that Mr Deane-Hall was impacted more than other schools in the County and the schools which did not offer anything above the hours funded by the Council had benefitted as funding was based on historical data and not actual attendance. He would take this forward as an action and report back on any avenues that could be used. If the Early Years funding was agreed to be ring-fenced today then there may be something that could be done, especially in areas where there were very few providers as the Council had a statutory duty to provide Early Years provision. Such a scheme would need to be seen to be fair to all members and the school community.
- 95.10 Mr Deane-Hall questioned if the data was available as it was a time critical situation. Ms Russell advised that there were at least 5 other maintained schools in a similar position. Information was unavailable for academies.
- 95.11 Mrs Kingham committed that officers would look at this and advised that Mrs Aviston had done some work with schools around exceptional costs through Covid through the CMOF but there were specific guidelines to follow. It was essential that any scheme was transparent and fair.
- 95.12 Mr Street advised that he would report back to schools before the end of term.
- 95.13 **Agreed** that the year end position on each block be ring-fenced to ensure that funds carried forward could be utilised effectively and to provide services with additional resource to meet the emerging priorities within the specific areas of the Dedicated Schools Grant.

96. MAINTAINED SCHOOL BALANCES AS AT 31 MARCH 2021

- 96.1 Mr Parvin stated that historically a downward trend had been reported on maintained school balances. This had been an exceptional year and overall aggregated balances had improved across all phases. However, for those schools already experiencing financial problems these had been exacerbated. Ms Russell's team would work with schools to reduce the deficit during the following year.

Ch.'s Initials.....

- 96.2 Mr Parvin advised that when considering secondary schools this was a very small cohort and not representative. He drew the Forum's attention to the Schools Financing Benchmarking tool developed by the DfE to enable comparisons to be made between both maintained schools and academies and encouraged members to consider its use. He suggested that a demonstration could be provided at the meeting in September if members wished.
- 96.3 Mr Parvin advised that Covid had impacted some schools more than others and this was the reason that a targeted approach had been used in recent schemes managed by NCC.
- 96.4 In response to a question regarding the three high schools with deficit budgets, Ms Russell advised that all three had budget recovery plans in place and that deficits were being recovered . It was anticipated that by the end of 2023 three out of the four schools would have returned to a surplus.
- 96.5 Mr Street advised that a few First and Primary schools had over time run up some significant deficits as a percentage of their annual income. All schools were now operating with in-year balances although this could quickly change as fluctuations in pupil numbers within small schools could be significant and occur quickly. Whilst they were currently balanced in-year it still remained a challenge to pay off existing deficits in the long term. He wished to make the Forum aware of this.
- 96.6 In respect of budget allocations and pupil numbers from feeder schools, the Forum were advised that schools had been provided with budget allocations in February and this had included information on pupil numbers. Mrs Aviston also advised that the pupil numbers were included on the School Organisation Plan which had been sent to schools approximately 4 weeks ago.
- 97. SEN UPDATE : NORTHUMBERLAND INCLUSIVE EDUCATION SERVICE (NIES)**
- 97.1 Ms Taylor informed the Forum that prior to September 2020 traded arrangements had applied to the specialist teaching services. However, as part of the actions undertaken following feedback from schools and the SEND Inspection in October 2018, transfer of funds from the Schools Block had enabled the offer of no cost support services to be implemented as part of a two year pilot scheme. She advised that the overall service would have been affected due to the unusual circumstances of the past year with some support being provided virtually.
- 97.2 There had been an increased demand for resources compared to the same period in 2019-20. The only partnership where demand had reduced was Cramlington and the reasons for this would be explored.
- 97.3 July data was not included in the report and a full year report would follow to the Forum in November. End of year evaluations would provide a deeper insight into the impact of the changed model of delivery. Monitoring would take place on pressures on teams going into the new academic year and further capacity building measures would be undertaken.

Ch.'s Initials.....

- 97.4 In relation to mainstream inclusion payments, Mr Street advised that a core principle related to meeting the needs of students as close to home as possible which in most cases meant a mainstream school. There had been an increasing number of students with EHCPs and an increased demand for special school places by parents. To try to influence the journey of EHCP learners and to provide high quality placements close to home and increase capacity in maintained schools the High Needs Sub-Committee (HNSC) had looked at models for providing additional funding to support placement in mainstream schools.
- 97.5 It was proposed that the STAR funding be opened up to more students and make the application process easier and governed by peers, who would be represented on the Panel to allocate funding. A model had been highlighted to the HNSC which had been widely welcomed with caveats that High Needs funding had been provided to support the process which aimed to reduce the pressure on special school places and meet need close to home but at the same time it would not be prudent to overspend on this.
- 97.6 Mr Street also advised of some costed provision-mapping tools which had been piloted in some schools with SENCOs providing some clarity on funding which schools already received and informing if additional funding would be required for individual pupils. It was hoped to be able to report back shortly on additional pilots with a new process in place from the start of the January term.
- 97.7 Mr Wilkins asked that the paper presented by Samantha Barron to the HNSC be presented here as it showed that the process would be much quicker and he would recommend it to the Forum as one of the best pieces of work undertaken by the Local Authority.
- 97.8 In response to Mr Wilkins reference to the Forum support being provided to writing a very strong letter to the Government regarding lack of funding for SEN, Mr Parvin advised that it had been agreed at the last HNSC to wait for the SEN Code of Practice to be published. He advised that a response had been provided to a small consultation, but a further large consultation was expected following the publication of the SEN Code of Practice and it had been agreed that this would be the most opportune time to make representations.
- 97.9 Ms Taylor informed the Forum that schools had been notified of a current easing of restrictions around STAR funding. This had been introduced as a measure to assist schools in meeting the ongoing challenges of reintegrating pupils post COVID. It would support schools with temporary funding in order to ascertain whether these challenges were short term or indicative of a complex need which would require an EHC needs assessment.
- 97.10 In response to a question from the Chair in relation to the increased use of services since it became free to schools Ms Taylor advised that numbers had increased, but more crucially it had allowed schools access to services at the earliest opportunity and officers were confident that data showed that learners needs were being met.

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98. SCHEME FOR FINANCING MAINTAINED SCHOOLS

- 98.1 Mr Parvin highlighted that there were only three minor changes for September 2021 which were highlighted in paragraph 4.1. He further drew the Forum's attention to paragraph 5 to ensure that the Forum promoted equity and transparency.
- 98.2 Mr Deane-Hall raised the issue of transparency in relation to schemes offered through the Council specifically leasing schemes for cars which members of his staff had accessed and he had authorised. The school had since been invoiced and the implications on the school budget had not been clear when staff had applied. Mrs Aviston stated she had worked with Mr Deane-Hall on this and was waiting for correspondence from Employee Services as there were implications that were not made clear. It was an individual school matter and staff would continue to pursue. Mrs Ponting advised that this had also been raised with her the previous week and stated that she would ensure that any briefings being given to schools would be clear on any schemes staff were signing up for what the costs and risks would be for the individual school employer. It was important that school employers, when being included into any benefit schemes, were aware of the financial implications.
- 98.3 Ms Alden highlighted an offer from Active Northumberland which had been circulated and which had stated it was applicable to all Local Authority staff and had been extended to education staff. It had not made it clear whether this included staff employed in Academies. Ms Ponting had already identified this issue and advised that she would confer with Mrs Kingham on the types of communications which were being issued to schools.

99. 2020/21 WORK PROGRAMME AND MEETING DATES

- 99.1 Mr Parvin advised that a schedule of dates for the next academic year would be sent out before the start of the new term.

100. ANY OTHER BUSINESS

- 100.1 The Chair highlighted that Mr Woolhouse had advised at the start of the meeting that this would be his last meeting and he thanked Mr Woolhouse for his contributions to the Forum and wished him well for the future. Ms Ponting clarified that she would discuss a replacement trade union representative with Mr Woolhouse outside of the meeting.

101. DATE OF NEXT MEETING

The next meeting would take place on Wednesday, 29 September 2021 at 9:30 am.

Ch.'s Initials.....

CHAIR_____

DATE_____

Ch.'s Initials.....



Northumberland County Council

Wellbeing and Community Health Services Group
Education and Skills Service

**DRAFT MINUTES
FORMULA FUNDING COMMITTEE
Wednesday 15 September 2021 (Held via Teams)**

<p>Present: Colin Pearson (<i>Acting Chair, Director 3 Rivers Trust</i>)</p> <p>Mike Deane-Hall (<i>HT Wooler First and Glendale Middle</i>)</p> <p>Darren Warburton (<i>Finance Director, Bede Academy</i>)</p> <p>Bruce Parvin (<i>Education & Skills Business Manager</i>)</p>	<p>Ben Watson (<i>Governor, St Roberts RC First School</i>)</p> <p>Graham Wilkins (<i>Governor, St Wilfrid's RC Primary</i>)</p>
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		Action
1.	WELCOME AND INTRODUCTIONS:	
2.	IN ATTENDANCE: See above	
3.	APOLOGIES FOR ABSENCE: Apologies were received from Graeme Atkins, Ben Ryder and Sue Aviston	
4.	MEMBERSHIP AND MEMBERSHIP UPDATE: No new expression of interest in joining the Committee had been received following the circulation of the consultation paper to Schools Forum members. Member were reminded that we had lost both Ian Walker and Maurice Hall, while Mike Hodgson had confirmed his resignation from Schools Forum and FFC.	
5.	DISCLOSURE OF INTERESTS: None were declared.	
6.	MINUTES AND MATTERS ARISING (attached)	1

	<p>The minutes of the previous FFC meeting held on Wednesday 04 November 2020, were accepted, having previously been circulated and shared with Schools Forum.</p>	
<p>7.</p>	<p>FAIR SCHOOL FUNDING FOR ALL: Consultation Paper (Deadline 30 September 2021 – Consultation Paper; Questions) Due to Ben Watson’s limited availability, it was agreed to take the consultation paper first.</p> <p>FFC were reminded that a 2 stage strategy had been agreed last year, with the “gap” between NFF and NCC values being “halved” in respect of Primary and Key Stage 4 AWPU, with a view to becoming aligned in 2022/23. NCC FSM values at primary and secondary remained over NFF, this was to assist schools who had lost out following the change in the applicable date for pupil premium from January to October School Census.</p> <p>CP asked which Schools would “lose out” from any delay to move to NFF. In practice it was those schools who receive significant funding from the value(s) current lower than NFF in Northumberland, i.e. Primary Low Prior Attainment. We had increased this significantly for 2022/23 but there remained some way to go.</p> <p>Following an update to Schools Forum in September, there would be formal consultation at the November meeting prior to the final settlement being received in December and a report to Cabinet in January.</p> <p>FFC then consider the current consultation paper “Fair Funding for All”.</p> <p>BP drew the Committee’s attention to on potential implication arising, in terms of timescales for implementation. Given that Q7a refers to moving by 10% towards NFF values, this inferred full implementation could be 10 years away.</p> <p>In relation to the specific consultation questions, in relation to 1 and 2 it was felt that some of the exceptional premises funding could not be covered by a prescriptive national formula.</p> <p>Questions 3 and 4 dealt with the ESFA proposals around growth and falling rolls funding. With regard to growth funding. BP pointed out that there was a significant inconsistency in that only academies could access popular growth funding, and this was felt to be unfair – There remained a key role for LAs re place planning.</p> <p>CP and MDH pointed out that this could promote unhealthy levels of competition between schools which was a model that did not always fit, particularly in rural areas. The EFSA should instead consider promoting collaboration not competition to improve standards.</p> <p>It was considered the establishment of a Growth Fund was worth exploring for Northumberland and this should be explored as part of the 2022/23 funding discussions.</p>	<p>BP</p>

	<p>It was felt that questions 5 to 8 seemed to go back over old ground in relation to the NFF, it was felt that given the ESFA's commitment to the NFF it was preferable to implement it without unnecessary delay. There remains no definitive timescale from the ESFA re this. The only issue for Northumberland was the need to introduce a mobility value for primary and secondary into the formula, but it was understood this would have a marginal impact on Northumberland. Using the full current NFF Values of £925 (primary) and £1330 (secondary), this would account for £57,000 from Northumberland's allocation.</p> <p>NCC was now allocating sparsity in line with NFF, for both amounts and methodology. Given the national increase it was felt there was some merit in retaining some flexibilities (question 10), while BP expressed some concerns that the Central Schools Services Block (CSSB) could simply be lost as part of the overall Local Government Finance Settlement (questions 11 and 12).</p> <p>There were significant reservations expressed by BP in respect of the possibility of moving maintained schools to an academic funding year, like their academy colleagues, the main issue being the implications for the production of LA accounts. It would also extend the funding lag from maintained schools between the key point when data is measured (October School Census) and when it is used to distribute funding. DW pointed out that this did give academies additional planning time when setting budgets.</p> <p>The final point raised by GW was not a question in the consultation but made the excellent point that the additional Employers NI contributions recently announced by the PM should not fall as an additional cost to Schools, and this needed to be reflected in the "any other comments" section of the consultation.</p>	BP
8.	<p>LA SCHOOLS BLOCK FUNDING FORMULA 2021-22 (ESFA Report; Appendix and Data)</p> <p>MDH asked if it was possible to establish how NCC compared with other LAs in relation to the adoption of NCC values. BP highlighted the ESFA Schools Block Formula 2021-22 report in relation to this. BP highlighted comparative values using other North East authorities and Cumbria.</p> <p>Generally NCC was on a strong position to complete the transition but it was suggested a presentation be prepared for the November meeting of the full Forum.</p>	BP
9.	<p>ANY OTHER BUSINESS : None</p>	Discussion
10.	<p>DATE OF NEXT MEETING: confirmed as 03 November 2021 (two weeks before the 17 November Schools Forum meeting)</p>	Discussion

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Northumberland County Council

Schools Forum

Date: 29 September 2021

School Capital Programme update

Report prepared by: Sue Aviston - Head of School Organisation and Resources.

Purpose of Report

To update the Schools Forum on the progress and delivery of the School Capital Investment Programme.

Recommendations

It is recommended that Schools Forum:

1. Note the content of the report and the benefits to Northumberland Maintained Schools.

Link to Corporate Plan

This report is relevant to the Council's Corporate Plan 2018-2021, "We want you to achieve and realise your potential".

Key Issues

1. The condition of many of our school buildings remains an ongoing challenge with the backlog maintenance costs being in excess of £57m. There are a variety of ways in which the council addresses these ongoing issues, as detailed in Section 2 Schools Capital Investment Programme.
2. Growing capacity in our school estate to meet the demand for places is a key issue. Whilst we have 8,684 surplus places (Oct 2020) across the county, this surplus capacity is rarely in the right area of greatest demand for places. This can be as a result of an increase in birth rate or as a result of significant new build housing developments.

3. The other key issue is securing significant capital investment to support with the implementation of whole scale school/partnership reorganisations.
-

Report Author: Sue Aviston Head of School Organisation and Resources
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Schools Capital Programme Update

The Council has invested or agreed to invest over £101.2m in delivering the schools capital programme since October 2018. There have been 69 projects delivered in 63 schools across the whole of Northumberland, with projects ranging in value from £19k to £43m. Further detail on the individual programmes that have been delivered, or are currently in progress, is set out below.

Schools Capital Investment Programme (SCIP)

SCIP is a programme of works that addresses the backlog maintenance in schools. This programme is funded from a capital allocation from central government through which the local authority has received an allocation on an annual basis since 2011.

Individual projects are selected to form the overall SCIP programme with priority given to works that meet legislative need; address health and safety concerns; or prevent an unplanned school closure. The individual project values are closely monitored throughout the programme to ensure that the overall capital allocation is not exceeded. In recent years, the allocation has been made on a year-by-year basis and it is not yet clear whether there will be a further allocation for the next financial year and beyond. NCC has delivered, or are currently working on, 48 projects, at a value of £3.812m within the past 21 months.

A list of the projects and their value is shown below.

Project Name	Project Output	Value	Projected Completion Date
Branton Primary School	Heating system upgrade and classroom works	£103,000	August 2019 (actual)
Shilbottle Primary School	Roof Works	£27,000	April 2019 (actual)
Cambois Primary School	Lead water supply pipe replacement	£30,000	April 2021 (projected)
Seghill First School	Boundary wall and fencing works	£37,000	March 2020 (actual)
Seahouses Primary School	Drainage works	£23,000	August 2019 (actual)

Northburn Primary School	Safeguarding fencing and access control	£36,000	August 2019 (actual)
Seaton Delaval First School	Underfloor heating works	£40,000	August 2019 (actual)
Ashdale School	Internal courtyard play surfacing	£36,000	August 2019 (actual)
Cragside Primary School	SEN toilet works	£19,000	August 2019 (actual)
The Dales School	Boiler replacement	£175,000	September 2020 (actual)
Hipsburn Primary School	Sewage and drainage works	£40,000	August 2021 (projected)
Ellington Primary School	Boiler replacement	£135,000	March 2020 (actual)
Grange View Primary School	Roof works	£150,000	September 2020 (actual)
Linton Primary School	Electrical upgrade works	£108,000	August 2020 (actual)
Lowick First School	Electrical upgrade works	£74,000	August 2020 (actual)
Scremerston First School	Electrical upgrade works	£56,000	October 2020 (actual)
Stakeford Primary School	Boiler replacement	£76,000	March 2020 (actual)
Tweedmouth West First School	Boiler replacement	£93,000	August 2020 (actual)
Broomhill First School	Roof works and window replacement	£158,000	October 2020 (actual)
Cambo First School	Roof works	£70,000	June 2021 (projected)

Hexham First School	Roof works	£225,000	September 2020 (actual)
New Hartley First School	Window replacement	£142,000	August 2020 (actual)
Pegswood Primary School	Roof works	£162,000	August 2020 (actual)
Prudhoe Castle First School	Roof works	£210,000	August 2020 (actual)
Haydon Bridge High School	Kitchen ventilation upgrade	£76,000	August 2020 (actual)
Mowbray Primary School	Window replacement	£45,000	August 2020 (actual)
Berwick Middle School	Safeguarding works	£48,000	November 2020 (actual)
Beaufront First School	Sewage system upgrade	£40,000	August 2021 (projected)
Holywell First School	Fire alarm and emergency lighting upgrade	£35,000	August 2020 (actual)
Spittal Primary School	Boiler replacement	£90,000	August 2021 (projected)
Spittal Primary School	Window replacement	£115,000	August 2021 (projected)
Eastlea Primary School	Roof works	£100,000	April 2021 (projected)
James Calvert Spence College	Roof works	£33,000	August 2020 (actual)
Collingwood School	Electrical supply upgrade	£25,000	October 2020 (actual)
Hexham Sele First School	Heating system works	£20,000	February 2021 (projected)

Allendale Primary School	Boiler replacement and heating system works	£250,000	August 2021 (projected)
Cleaswell Hill School	Lighting system upgrade	£40,000	August 2021 (projected)
Collingwood School	Lighting system upgrade	£45,000	August 2021 (projected)
Ellington Primary School	Lighting system upgrade	£60,000	June 2021 (projected)
Stakeford Primary School	Lighting system upgrade	£40,000	August 2021 (projected)
Otterburn Primary School	Lighting system upgrade	£35,000	June 2021 (projected)
Choppington First School	Lighting system upgrade	£60,000	August 2021 (projected)
Broomhill First School	Lighting system upgrade	£50,000	June 2021 (projected)
Bedlington Station Primary School	Dampness ingress remediation	£30,000	April 2021 (projected)
Mowbray Primary School	Playground collapse remediation	£50,000	April 2021 (projected)
Belford Primary School	Roof works and window replacement	£150,000	August 2021 (projected)
Otterburn Primary School	Dampness ingress remediation	£25,000	June 2021 (projected)
The Dales School	Heating system works	£125,000	August 2021 (projected)

In July 2018, the Department for Education (DfE) announced a capital bidding round of £30 million to create new high-quality school-based nursery places for 2-, 3- and 4-year-olds to deliver the government's commitment to build more school-based nurseries, and to boost social mobility. The council successfully bid for capital funding to expand nursery provision in two locations in the county. As both of the selected schools were Academies, they were required to contribute a minimum 25% of the capital costs and to take on the responsibility of project delivery with oversight provided by NCC Children's Services.

A breakdown for each of the projects, which are now complete, is shown below.

Setting/school	Description	Value	Project completed within budget
Cramlington Village Primary School	A bespoke pod enabling the creation of an additional 15 full-time nursery places and 15 wraparound places.	£114k	✓
Blyth Morpeth Road Primary School	A modular building enabling the creation of an additional 16 full-time nursery places and 13 wraparound places.	£332k	✓

Basic Need

The local authority receives grant funding from central government on an annual basis to grow school capacity due to increases in school age pupils. This grant funding allocation is based on an annual data return that relates to pupil predictions. Projects have been delivered for Special schools as well as mainstream schools, which included both local authority-maintained schools as well as academies.

The full list of schools is contained in the table below. A total investment of £7m has been delivered, or is planned to be delivered, within the reporting period.

School/setting	Description	Value	Completion Date	Project completed within budget
Whytrig Middle School	Creates 144 places	£672,457	Phase 1: September 2018 - (1x double classroom mobile)	✓
			Phase 2: September 2021 - (1x double classroom mobile)	

Chantry Middle School	Creates 120 places	£711,025	Phase 1: September 2018 (refurbishment)	✓
			Phase 2: September 2021 (double classroom modular build)	
Blyth Horton Grange Primary School	Creates 210 places	£2,058,451	August 2019 (New build extension)	✓
Blyth New Delaval Primary School	Creates 105 places	£1,049,473	September 2019 (New build extension)	✓
St Benet Biscop Catholic Academy	A 6-classroom modular build, an extension to the main hall and additional car parking	£2,500,000	September 2020 (classrooms and hall extension) April 2021 – additional car parking	✓

Section 106

S106 monies have been used, for the first time in Northumberland, at Stannington First School to provide a purpose-built, standalone modular classroom and associated ancillary areas to accommodate additional pupils attending the school as a result of the local housing development at St Mary's, Stannington. The scheme was delivered to programme in September 2020 for a budget of £293,000.

Bedlington Reorganisation

Children's Services were under considerable pressure to accommodate a significant increase in pupil numbers at St Benet Biscop Catholic Academy following partnership reorganisation. This became necessary as Meadowdale Academy unilaterally changed their age range to become a primary school. This, in turn, affected the education pathway and resulted in a larger number of secondary school places being required in Bedlington (as Meadowdale Middle School was no longer able to enrol these pupils).

Linked to the reorganisation of Meadowdale Academy has been the extension of the age ranges of Bedlington West End Primary and Bedlington Whitley Memorial CofE Primary School (formerly first schools) following statutory consultation by the Council. Details of the capital schemes are in the following table.

School/setting	Description	Value	Completion Date	Project completed within budget
St Benet Biscop Catholic Academy	A 6-classroom modular build, an extension to the main hall and additional car parking	£2,500,000	September 2020 (classrooms and hall extension) April 2021 – additional car parking	✓
Bedlington West End Primary School	Modular built replacement kitchen, main hall and 3 classrooms	£1,600,000	February 2021	✓
Whitley Memorial Primary School	10% contribution to the refurbishment of classroom spaces	£10,300	September 2019	✓

Special School Places

A capital investment of £3.09m facilitated the increase in the number of SEN places at Hexham Priory Special School and the creation of a satellite unit of the Dales Special School in Ashington. The Hexham Priory project was completed within budget in October 2018 whilst the Ashdale project was also completed within budget by February 2019. Further SEN capital schemes have also taken place as detailed below to grow capacity in both special and mainstream schools with the introduction of additional resource are set out in the table below.

School/setting	Description	Value	Completion Date	Project completed within budget
Collingwood	Refurbishment of former Children's Centre to create specialist Sixth Form accommodation	£200k	August 2019	✓
Hillcrest	Modular double classroom and associated ancillary facilities	£478,332	October 2020	Exceeded as a result of CV-19
Astley ARP	Temporary modular building to incorporate an Additional Resource Provision (ARP) on the grounds of Astley High School.	£313,452	September 2020	Exceeded as a result of CV-19
Seaton Sluice ARP	Internal refurbishment to incorporate an ARP within Seaton Sluice First School.	£91k	September 2020	✓
Princess Louise Special School	A DfE funded Free School on the site of the former Princess Louise First School site.	Unknown at this stage	September 2022	N/A

Darras Hall Primary School

The first two phases of the £5.8m scheme to replace the dilapidated buildings of Darras Hall First School were delivered to programme by December 2018. A state-of-the-art, purpose-built two-form entry Primary School was constructed within budget by the appointed contractor, Galliford Try. This highly successful project has been very well received by the community of Darras Hall, with the school Headteacher, Victoria Parr, commenting:

"The new school building has impacted positively on all groups within our school community. A modern, fit for purpose building, designed specifically with our pupils in mind has provided us with the flexibility to deliver our curriculum in a tailored way. We know that a school is more than bricks and mortar, but we also know how a change of environment impacts on staff and pupils. The spacious, light, teaching and play spaces foster a sense of calm and purpose in pupils of all ages, as noted by staff, parents and pupils themselves."

Phase 3 sees the demolition of the remaining former school buildings and is currently underway, due for completion by March 2021.

Morpeth First School

The contractor BAM Construction started work on site in August 2018 to construct the £6.85m new build school and its associated playing fields. The scheme was delivered to programme and within budget in August 2019. The former Goosehill First School has been relocated from its town centre location to much more suitable and spacious facilities adjacent to County Hall. The two-form entry first school incorporates numerous outstanding features including a large purpose-designed nursery, first floor outdoor classroom, studio and community-use facilities.

Again, this project has been welcomed by the school community with Sandra Bell, the Deputy Headteacher, commenting:

“Staff and children are delighted to have the opportunities that the new Morpeth First School building provides following its opening in Summer 2019. The school offers so many more facilities for teaching and learning than the previous building, including a practical room for cooking and design and technology, small group support rooms and a large room which is currently being used by our Thrive practitioner to support the mental health and wellbeing of our pupils. The Early Years unit is state of the art, with lots of space and wonderful resources for the children to begin their educational journey with us. The children particularly like the outside space available to them including the field and the multi-use games area (MUGA) allowing more than one class to be able to have PE at a time. The rooftop terrace has been fantastic for drama, outdoor science activities and even a bit of outdoor, socially distanced singing. A truly inspiring building for all pupils and staff!”

Haydon Bridge Reorganisation

Cabinet approved the implementation of school reorganisation in the Haydon Bridge Partnership of schools in July 2018. The capital schemes have now been completed on budget, and a breakdown of the projects is set out in the table below.

School/setting	Description	Value	Completion Date	Project completed within budget
Haydon Bridge High School	Rationalised teaching accommodation and refurbishment of remaining teaching blocks together with roof and window replacements.	£4.5m	June 2020	✓

Greenhaugh Primary School	A classroom extension including toilet and cloakroom provision	£366k	September 2019	✓
Otterburn Primary School	A classroom extension to include toilet and cloakroom provision	£360k	August 2019	✓
Wark CofE Primary School	Minor internal refurbishment	£10k	August 2019	✓

Major Capital Projects

Ponteland Schools and Leisure Development

Following the revision of the project and the conclusion of the re-tendering process in September 2018, Kier Construction were selected as the preferred bidder for the scheme and commenced on site in November 2018. The scope of the project was to construct new facilities for Ponteland High School, Ponteland Primary School and Ponteland Leisure Centre within one building on the existing Leisure Centre site, along with the construction of a new Fire Station off site - all of which constituted Phase 1 of the project.

The scheme boasts numerous benefits, and one of the fundamental advantages of its multi-functional nature and the operational efficiencies it provides is shown through the design: harder-working circulation spaces; shared services (e.g., facilities management and catering); internal and external sports facilities shared between schools and leisure centre; shared building services plant; and lower overall demand for services such as car parking.

These efficiencies were able to release budget for added value within the facilities, including teaching walls in every classroom, a lecture theatre, a 'Clip 'n' Climb' climbing centre, soft play, aqua play, and increased school dining facilities. The added value to the local community via the project totalled more than £2m and the

above features were provided in addition to the 6-lane swimming pool, learner pool, gym, spinning studio, spa, 4-court sports hall, dance studios, community library, café, bar, children's play park, 3G all-weather sports pitch and additional natural grass pitches.

Kier were progressing well on site for a number of months, completing the Fire Station in January 2020 and proceeding with all internal and external works; however, Covid-19 meant that the construction programme had to be revised. Although many construction sites closed during the Covid-19 outbreak, work on the Ponteland Schools and Leisure facility continued throughout the pandemic. Despite depleted workforces initially and supply chain issues, Kier and their sub-contractors went to extreme efforts to ensure that their site operatives were able to continue to work safely and make as much progress as possible. Remarkably, Phase 1 of the scheme concluded on 2nd November 2020 – a mere 8 weeks after the proposed initial opening and saw the facilities handed over ready for use by the schools and leisure centre.

The second phase of the £43m construction project is due for completion in late Spring/early Summer 2021 and will see the demolition of the old High School and Leisure Centre, the formation of additional car parking, and the creation of grass sports pitches on site.

Hexham Academies Scheme

In February 2019, Cabinet approved the business case for the redevelopment of the existing Queen Elizabeth High School site in Hexham in order to construct new school buildings, refurbish the Grade II-listed Hydro building and provide state-of-the-art sporting facilities for both QEHS and Hexham Middle School.

A competitive tender process was undertaken over the following months and resulted in Galliford Try being selected as the preferred contractor in July 2019 before entering into contract in December 2019. The £37.9m construction budget for the scheme is predominantly funded by NCC with a contribution of £11.2m from the DfE. This budget also includes an allocation of £400k from NCC's Renewable Energies Fund to enhance the sustainable offering for the new build elements of the scheme. In addition, the Council was successful in receiving grant funding of c.£480k from the Football Foundation to provide a new all-weather grass pitch which has also been incorporated into the scheme.

Planning approval was granted in January 2020 and Galliford Try commenced on site in earnest in February 2020 with construction work being carried out in phases. The scale of the impact of COVID-19 is yet to be determined on this scheme; but, despite this, the project has been progressing well on site and Phase 1 will see the new build schools, formation of two all-weather grass sports pitches and refurbishment of the Hydro building aiming to be complete for the commencement of the school year in

September 2021 as planned. Phase 2 will see the demolition of the old High School buildings, formation of the new bus and car park, and construction of a grass sports pitch and is due for completion at the end of April 2022.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy:	The consultation has been consistent with the Council's policy to review changes to schools in accordance with local wishes and needs.
Finance and value for money	Capital investment in schools using the council's own capital as well as grants from central government specifically for the purpose of growing school capacity or maintaining school buildings.
Legal	The building contracts are let using JCT DB16 form or another appropriate contractual framework. Where required, an external construction specialist lawyer will be drafting the contract on behalf of the local authority.
Procurement	The tendering of the contracts is procured with support from the central procurement teams, using a variety of NCC or pre-existing frameworks.
Human Resources:	N/A
Property	The projects all improve school buildings and will therefore address the significant backlog maintenance issues for each establishment.
Equalities	N/A
Risk Assessment	Project risk registers are maintained for each project/programme and these are reported on a monthly basis to the Property Liaison Group, or Project Board, who oversee the capital programmes.
Crime & Disorder	This report has considered Section 17 (CDA) and the duty it imposes and there are no implications arising from it.
Customer Considerations:	The proposals set out in this report are based upon a desire to act in the best educational interests of current and future children and young people in Northumberland.
Carbon Reduction	It is not envisaged that this proposal would have a significant positive or negative impact on carbon reduction.
Consultation	This report has been considered by the Cabinet Member for Children's Services.
Wards	All

Background Papers

None

Report Sign Off

Finance Officer	AE
Monitoring Officer/Legal	HL
Human Resources	N/A
Procurement	TP
I.T.	N/A
Executive Director of Children's Services	CM
Portfolio Holder(s)	GRT

Data Protection Implications

In carrying out the Phase 1 and Phase 2 consultation set out in this report, the Council has acted in compliance with Data Protection Act 2018 via the Council's Data Protection Policy

Specifically,

- Data gathered during this consultation process has been dealt with fairly - e.g., the responses from members of the public have been anonymised, whilst those responding within a public role have been identified e.g., Chairs of Governors, Dioceses and so on.
- The data and information gathered during Phase 1 and Phase 2 consultation has been used to assist in informing the recommendations set out in this report and will not be used for any other purpose, i.e., it will not be shared with another service area or any third party.
- The data and information gathered has been limited to that which would assist in informing the recommendations set outs that will arise from this consultation.

The Council has set out how it deals with information received as part of consultation in the Council's Privacy Notice, at

<http://www.northumberland.gov.uk/About/Contact/Information.aspx#privacynotices> .

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Department
for Education

Fair school funding for all: completing our reforms to the National Funding Formula

Government consultation

Launch date 8 July 2021

Respond by 30 September 2021

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Foreword by the Minister of State for School Standards



The government is committed to levelling up opportunity across the country and education lies at the heart of that mission. Our reforms are supporting teachers and school leaders to drive up academic standards throughout the country.

To deliver these improvements, we recognise that it is crucial that we support every school and multi-academy trust with the right resources, so that they can achieve the best outcomes for all their pupils. We have delivered the biggest increase in education funding in a decade with total additional funding of £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20: in total, over £14 billion across the three years.

We know it is also critical that this investment is distributed fairly between all areas of the country and all schools to help level up opportunity. We have already taken significant steps to make the school funding system fairer. The introduction of the schools National Funding Formula (NFF) in 2018-19, following extensive consultation, means that funding is now being distributed more fairly across the country. This was a major step forward from the postcode lottery of the previous funding system, in which historic funding levels, rather than current needs, drove distribution.

As we set out at the time of its introduction, our long-term goal for the NFF is that every school's final funding allocation is determined by the same, national formula, and is no longer subject to further adjustment from one of 150 local authority formulae. Removing the role of local authority formulae in determining schools' funding allocations and instead setting these directly through a national formula will complete our programme of reforms to the funding system. It will mean the funding system is fair for every school, with funding matched to a consistent assessment of need. It will make the funding system simpler and more transparent for all involved, with a single formula responsible for determining all schools' funding allocations. It will also help to underpin our ambition for all schools to be part of a strong multi-academy trust – final allocations set directly by a single national formula will mean all schools within a multi academy trust will be funded on a consistent basis, regardless of which local authority they happen to be located in, providing trusts with the predictability needed to make the best use of resources and drive up academic standards.

We appreciate that moving away from local formulae, to all schools' funding allocations being determined directly by the NFF, is a significant change for the school system. We

are determined to complete these reforms, and secure the benefits that they will bring; but we want to move carefully towards this end goal over the coming years, working with the sector to ensure that the transition is a smooth one. As part of this careful approach, we will maintain the protections within the funding system (such as the minimum funding guarantee) to minimise disruption for schools and **ensure that no school sees a reduction in its per-pupil funding.**

This consultation is seeking your feedback on our proposals on what precisely the direct NFF should look like, and how we can progressively move the system towards it. We look forward to your responses.

A handwritten signature in black ink, reading "Nick Gibb". The signature is written in a cursive style with a large initial 'N' and 'G'.

Rt Hon Nick Gibb MP
Minister of State for School Standards

1. Introduction

The government is committed to levelling up academic standards across the country. To help deliver this we are currently providing the biggest increase to school funding in a decade, with additional investment of £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20: a total of over £14 billion over the three years. In 2022-23, our core schools budget, which provides for mainstream schools' running costs, additional support for high needs pupils, and the pupil premium, will total £52.2 billion.

In order to make sure that our continuing investment in education delivers for everyone, we need to distribute it through a funding system that is fair for all pupils and all schools, no matter where they are in the country.

The schools National Funding Formula (NFF) is a single, national formula that allocates the core funding for all mainstream schools, both maintained and academies, in England, for pupils aged 5 to 16. Early years, high needs (including special schools) and post-16 provision each have a separate national funding formula, reflecting the specific needs of those parts of the education system, and they are not the subject of this consultation.

The introduction in 2018-19 of the NFF for mainstream schools was a crucial step towards a fairer funding system and replacing the postcode lottery of the past. The schools NFF saw the Department for Education moving to calculate schools' funding allocations based on the characteristics and needs of each school and its pupils – rather than the accidents of history or location that had typified the funding system that it replaced. This new formula was the result of extensive consultation with the school sector, both on the underlying principles and then the design of the formula itself.

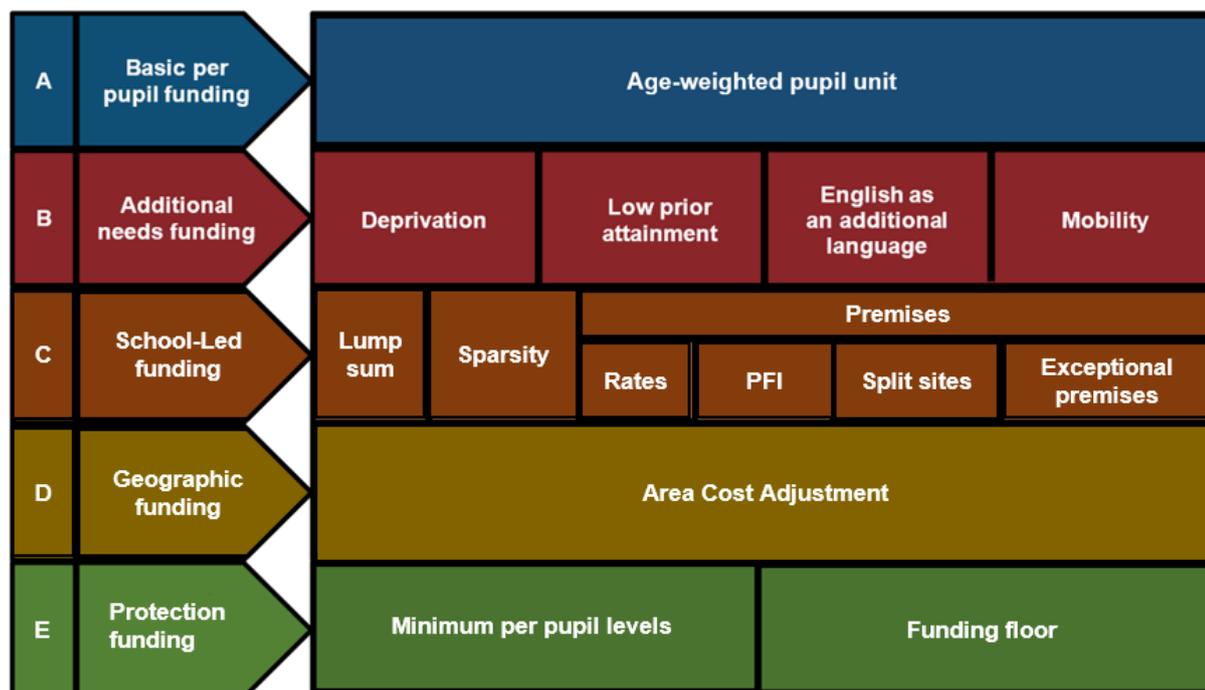
The introduction of the NFF means that funding is now being allocated between different local areas fairly, and by reference to need, rather than historic spending levels. As we set out at the time, the previous funding system meant that local areas with a higher proportion of pupils with additional needs could receive less funding than those with lower proportions. Funding had not adjusted to reflect changing pupil needs – for example, changes in deprivation levels – between authorities¹. The NFF means funding is now automatically directed by reference to which schools have higher numbers of pupils with additional needs, to help ensure that those schools can be supported to meet the needs of all their pupils. It has also meant that schools whose circumstances lead them to face higher costs, due for example to being more remote or due to additional costs associated with the nature of their premises, can have a higher

¹ [Schools and high needs funding reform: The case for change and consultation summary](#)

level of funding directed towards them. At the same time the minimum per pupil levels have ensured that all schools, regardless of their situation, receive at least a guaranteed minimum level of income, while the funding floor has meant that all schools have attracted per pupil increases in their pupil-led funding in recent years.

Figure 1 below sets out a summary of the different funding factors in the current schools NFF and annex A sets out more detail on each of the factors within the current NFF and their weighting within the formula.

Figure 1 – Current NFF Funding Factors²



Since its introduction the NFF has been a 'soft' formula. This means that the department, through the NFF, calculates funding allocations in relation to each individual mainstream school, based on its particular characteristics. These individual school-level allocations are then aggregated for each local authority (LA). The LA, from its aggregated total, then determines individual schools' final funding allocations through a local formula, which it is responsible for setting. While the department has set some parameters within which local formulae must operate, LAs have had discretion about the amount of funding put towards each factor and some flexibility over which factors to use in their local formulae - therefore an individual school's funding can, and often does, vary from that which the NFF itself allocates.

² This illustrates the factors that will be taken into account when calculating schools block Dedicated Schools Grant funding allocations through the NFF. It is not to scale. Funding for premises factors are currently allocated to local authorities on the basis of historic spend.

Maintaining these local arrangements has been an important way to maintain stability in the system, as we have moved to a national funding approach. And we have seen significant progress of authorities choosing to move their local formulae towards the national formula since its introduction. Local funding formulae in 2021-22 show that a majority of local authorities have moved towards the NFF since its introduction in 2018-19. After allowing for the area cost adjustment (ACA), it shows that, of 150³ local authorities in England, 105 have moved all of the factor values in their local formulae closer to the NFF over the past 3 years⁴. Of these, 73 local authorities are now mirroring the NFF funding factors almost exactly⁵.

As set out in the initial consultation, our intention since the introduction of the NFF has always been to move in time to a funding system in which all individual schools' funding allocations are set directly by the national formula without substantive further local adjustment. As in our initial consultation, we refer to this direct NFF as a 'hard' NFF, for brevity, in this consultation. Whilst, as noted above, many LAs have moved closer to the NFF since its introduction, there continue to be significant differences in the way in which some LAs allocate funding compared to the NFF. For example, in 2021-22 funding allocations, the amount of additional funding a secondary pupil with English as an additional language (EAL) attracts to their school ranges from £200 in the East Riding of Yorkshire to just over £3,200 in Westminster. The figure in the NFF is £1,485. The amount of additional funding for a primary pupil with low prior attainment varies from £330 in Hertfordshire to just over £2,400 in Newham, compared to £1,095 in the NFF. The amount of lump sum funding a secondary school attracts ranges from just over £75,000 to £175,000 depending on the LA the school is located in. The NFF provides £117,800.

These significant differences in how different local formulae determine a school's final funding allocation mean that schools can receive very different funding allocations depending on where they are in the country. To illustrate this, we analysed 6 different schools – ranging from a small primary school with low deprivation to a large secondary school with high deprivation - to consider what their 2021-22 funding allocation would be under each local formula in the country⁶. To take account of geographic impacts on funding, we have adjusted our analysis to remove the impact of the area cost adjustment and below we show the maximum funding allocation for each type of school

³ The comparison excludes both City of London and Isles of Scilly, these are not included in the NFF calculations, as each contains only a single state-funded school.

⁴ Excluding the mobility factor, which was formularised in the NFF in 2020-21. The equivalent figure of LAs was 99 in 2020-21.

⁵ 'Mirroring the NFF' means each of an LA's local formula factor values are within 1% of the NFF's, excluding mobility, and sparsity for those LAs without schools that attract sparsity funding.

⁶ This analysis relates to pupil-led (basic per pupil and additional needs), lump sum and sparsity funding only. It does not include other premises funding.

both within and outside of London. As the table below illustrates, individual schools could receive dramatically different funding allocations under different local formulae. For example, our small primary school with low deprivation would receive £101,000 more under the North East Lincolnshire local formula than under the Medway local formula. Our large, deprived secondary school would receive £1.25 million more in Hackney than in Kent – a difference of 22%. Even relative to the mean funding allocation from LA formulae, under the Kent LA formula our example school would receive £371,000 (6%) less. Such disparities mean that schools do not all operate on a level playing field. and we are not fully delivering the fairer funding system the schools NFF is designed to achieve.

Table 1 – Range of possible allocations for schools under different local formulae⁷

School⁸	Lowest LA funding	Mean average LA funding	Highest LA funding (London and Non-London)⁹
Small primary school with low deprivation	£260,000 (Medway)	£322,000	£361,000 (Newham) £361,000 (North East Lincolnshire)
Medium primary school with moderate deprivation	£1,718,000 (Essex)	£1,835,000	£2,167,000 (Hackney) £1,940,000 (Sandwell)
Large primary school with high deprivation	£2,676,000 (Essex)	£2,920,000	£3,357,000 (Hackney) £3,109,000 (Brighton and Hove)
Small secondary school with low deprivation	£2,754,000 (West Sussex)	£2,920,000	£3,443,000 (Hackney) £3,155,000 (Manchester)
Medium secondary school with moderate deprivation	£3,302,000 (West Sussex)	£3,512,000	£4,155,000 (Hackney) £3,715,000 (East Riding of Yorkshire)
Large secondary school with high deprivation	£5,768,000 (Kent)	£6,139,000	£7,020,000 (Hackney) £6,355,000 (Slough)

⁷ The funding figures in the table are adjusted to remove the impact of the area cost adjustment (ACA). The City of London has been excluded.

⁸ This analysis is based on real schools but they have been anonymised for the purposes of this consultation.

⁹ The 'funding floor' in the NFF provides additional funding in respect of some schools, over what the other elements of the formula provide, in order to ensure that all schools can receive year-on-year increases to their per-pupil funding. Some LAs reflect this additional funding by setting values in their local formula which are higher than the corresponding values in the NFF. Moving to a hard NFF will therefore mean reductions in how much funding schools in such LAs receive through the pupil-led and school-led element of the formula, but these schools' overall funding will be protected by the operation of the NFF's funding protections, to ensure that no school sees a reduction in per-pupil funding.

Moving to a hard NFF, in which all mainstream schools will have their funding allocated according to a single national formula rather than individual local formulae as in the current system, will mean our funding system will better fulfil the following principles:

- **Fair** – each mainstream school should be funded on the same basis, wherever it is in the country, and every child given the same opportunities, based on a consistent assessment of their needs.

Moving to a hard NFF will mean that it will no longer be the case that two schools with fundamentally similar intakes and circumstances can be allocated significantly different funding simply due to being located in different LAs. It will ensure a level playing field between schools, resourced on a consistent basis to meet the needs of their pupils.

- **Simple and Transparent** – one national formula is simpler to understand and engage with than 150 different local formulae. A single national formula will mean that the funding an individual school receives and the basis on which it was calculated will be transparent to all in the system.

A hard NFF means that all with a stake in education – including parents – can more easily understand what funding is being allocated to an individual school and how that reflects the school's pupils and context.

- **Efficient and Predictable** – A single national formula through which funding is matched to relative need, means that resources can be distributed across the system as efficiently as possible. It will also support head teachers, governing bodies and academy trusts to compare their income, spending and outcomes with other schools and identify ways to improve. A single national funding approach will create greater predictability in funding, supporting the system to make best use of resources.

This is particularly important for academy trusts. Currently, schools within the same trust, but located in different LAs, can be funded on different bases. Under a hard NFF academy trusts will have the certainty that all the schools within their trust will have funding allocated on a consistent basis – supporting them to make the best and most efficient use of resources.

This consultation sets out proposals for how we move towards a hard NFF, and embed these principles in the funding system. It does so by setting out both proposals for what a fully delivered hard NFF should look like and for the next steps to be taken to ensure a smooth transition towards this.

While a hard NFF is our clear, long-term goal for delivering a fair funding system, we recognise that it is also a significant change and one that requires careful implementation and transition to avoid any unexpected disruption. This is particularly

important as the school system focuses on supporting recovery from the impact of the pandemic. Consequently, we do not propose, at this point, to set a fixed target date by which the hard NFF will be fully in place. Instead, as outlined further in this consultation, we will take a measured approach to the transition to a hard NFF – moving LAs’ local formulae progressively closer towards the NFF, achieving greater fairness and consistency in funding, but also providing the opportunity to consider the impact of each step before making the next move. This consultation includes proposals on how (and how quickly) LA formulae could move towards a hard NFF, as well as proposals on the eventual completion of these reforms to the NFF.

As indicated by the data above, some schools will benefit from larger increases in funding as we move towards a hard formula, relative to what they would receive if LA formulae did not move closer to the NFF. Importantly, we will also protect schools against losses as a result of this gradual movement towards the hard NFF. The national funding floor and local minimum funding guarantee (MFG) protections will remain in place, so that schools will not lose funding in cash per-pupil terms as a result of moving towards a hard NFF, and all schools will continue to receive fair funding increases.

Some elements of school funding remain out of scope of the present consultation. This consultation is about how mainstream schools are funded, in respect of pupils from Reception to Year 11. We will consult separately, at a later stage, on changes to the funding arrangements for high needs, special schools and alternative provision, in the light of the proposals in the SEND Review. The hard NFF would allocate the vast majority of the funding that mainstream schools receive for pupils aged 5 to 16 – but not all of their funding. This consultation does not consider the future of funding that is not determined by the NFF, such as the pupil premium (additional funding for disadvantaged pupils) and the recent grants to support schools’ recovery provision as a result of the pandemic.

Finally, in this consultation we do not cover the choice of factors, or the values assigned to those factors within the national funding formula. We fully recognise the importance of ensuring that the NFF continues to properly reflect schools’ relative needs, in light of emerging evidence about the pressures that schools face, and any changes in the expectations on schools. We will therefore continue to review the NFF factors, and the values assigned to them, on an annual basis; the cash values assigned to the factors are, in particular, likely to change between now and the introduction of a hard NFF (and afterwards) in the light of the outcomes of future Spending Reviews. This consultation, on the other hand, focuses on the key implications of moving from a ‘soft’ to a hard NFF – rather than a specific design of the formula itself (in terms of the values assigned to each formula factor).

Who this is for

- Local authorities
- Schools and academy trusts
- Any other interested person or organisation

Issue date

The consultation was issued on 8 July 2021.

Enquiries

If your enquiry is related to the policy content of the consultation you can email the team on:

NFF.CONULTATION@education.gov.uk

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email: Consultations.Coordinator@education.gov.uk or by telephone: 0370 000 2288 or via [Contact the Department for Education \(DfE\)](#).

Additional copies

Additional copies are available electronically and can be downloaded from the DfE [Consultation Hub](#).

The response

The results of the consultation and the department's response will be published on gov.uk in autumn 2021.

Respond online

To help us analyse the responses please use the online system wherever possible. Visit the [Consultation Hub](#) to submit your response.

Other ways to respond

If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a Word document version of the form and email it or post it.

By email

NFF.CONULTATION@education.gov.uk

By post

Funding Policy Unit
Department for Education
Sanctuary Buildings
20 Great Smith Street
London
SW1P 3BT

Deadline

The consultation closes on 30 September 2021.

2. About this consultation

This consultation is seeking views on the approach to moving to a direct, “hard” NFF and how we most effectively transition towards this completed NFF in the years ahead.

This is the first stage of our consultation on a hard NFF: we plan to publish a second stage consultation with more detailed proposals, following feedback to this first consultation.

The next section of this consultation sets out our proposals and seeks respondents’ views on our proposed scope for the hard NFF and the next steps for transitioning towards it.

In section 3.1 we set out our proposal for **the scope of the direct NFF**. In order to deliver on its fundamental aims, we propose that the aim should be that all NFF funding factors – pupil-led and school-led – are included in the hard formula and that all funding distributed by the NFF should be allocated to schools on the basis of the hard formula, without further adjustments by LAs.

We want, with the sector, to work through how specific aspects of the current funding system would need to change and be developed to allow us to move effectively to a hard NFF. In section 3.2 we set out our proposals for **developing the schools NFF to support the direct NFF**. This particularly focuses on our proposals for how we could improve premises factors within the NFF in advance of the introduction of the hard formula, so that allocations are based on a consistent, objective assessment of current need, rather than the previous years’ local spending decisions. In moving to a hard NFF we will also need to reform our **approach to funding for schools experiencing significant growth in pupil numbers**, such that these funding arrangements reflect the overall principles of a hard NFF – simple, transparent and fair. Section 3.3 outlines our proposals for reforms to growth funding to support the move to a hard NFF.

In section 3.4 we set out our proposals for ensuring a **smooth transition for schools to the direct NFF**. We recognise that moving to the NFF will be a significant transition for schools in some areas, which is why we will take a careful and measured approach to its introduction, testing the impact at each stage. As announced in July 2020, in recognition of the disruption caused by the COVID-19 pandemic, **we are not changing the rules governing LAs’ flexibility over schools funding in 2021-22, and we will adopt the same approach in 2022-23**. From 2023-24 we propose to begin to tighten those rules, so that schools’ allocations through local formulae move closer to the NFF distribution, ensuring a smooth transition towards a hard formula and delivering a more consistent funding system.

The move towards a hard NFF has important implications and interactions with wider aspects of the funding system. Section 4 of the consultation seeks views on proposals

in relation to these wider aspects, in order to support the transition towards a hard NFF and ensure we are fully realising its benefits in supporting a school-led system.

As we move to a hard formula with the department funding schools more directly, the funding system must respond to the respective roles that schools, academy trusts, and LAs play in education. This will mean supporting a greater strategic role for trusts - recognising, in particular, their status as the key vehicles for school improvement - while supporting LAs to deliver their remaining responsibilities and services, and ensuring a greater voice for schools in receipt of these services where appropriate. Section 4.1 sets out the continued importance of **multi-academy trusts' (MATs) ability to pool their funding** as we move to a hard NFF. Section 4.2 sets out proposals for how we can reform the approach to **funding for central school services** delivered by LAs.

It is crucial that the system for funding mainstream schools, and the move to a hard NFF, **supports effective special educational needs and disabilities (SEND) provision**. At section 4.3 we set out the overarching implications that the move to a hard formula has for SEND provision in mainstream schools and how moving to a hard NFF can help to deliver a strong and sustainable overall SEND system that supports pupils with SEND in mainstream schools. We will consult further on this crucial element of the overall funding system for schools in more detail following the publication of the SEND Review outcomes.

As we move to a hard NFF we recognise the need to continue **local and national consultation in decision making**, though - as we transition to a hard formula - this will necessarily change. Section 4.4 sets out our proposals for how the role of schools forums will change as we move to a hard NFF and how national consultation will take place.

Finally at section 4.5, we set out an open question on the potential value of **moving to a consistent funding year** across maintained schools and academies. Currently maintained schools are funded on a financial year basis and academies on an academic year basis, and we are keen to understand the appetite for a change in funding year for maintained schools, to an academic year basis, as part of the shift to a hard formula.

3. Completing the NFF reforms

In this section we set out proposals for what the scope of a hard formula should be – the elements of mainstream school funding that should be allocated through the national formula, without further local adjustment by the LA - in order to realise the benefits of the NFF fully. We then set out our proposals for how we will move towards completing the NFF reforms and the next steps we propose for transitioning smoothly towards a hard NFF.

3.1 The scope of the directly applied NFF

The introduction of the NFF in 2018-19 represented the biggest improvement to the school funding system in decades. It was a major step towards fairer funding for schools and between different areas of the country, and towards a system in which funding is allocated on the basis of schools' and pupils' needs and characteristics rather than accidents of location and history.

The move towards a hard NFF – in which all individual schools' funding allocations are set by the national formula, rather than 150 different local formulae - is crucial to achieving an equitable funding system and ensuring all schools receive resources consistently to support them to deliver the best outcomes for their pupils.

As set out in the introduction to this consultation, by moving towards a hard NFF we aim to further embed the following principles, in the funding system:

- **Fairness** – each mainstream school funded on a consistent basis, to reflect their needs and circumstances.
- **Simplicity and transparency** – every individual mainstream school's funding calculated through a single national formula transparent to all in the system.
- **Efficient and predictable** – a single national formula through which funding is matched to relative need, creating greater predictability in funding and ensuring resources are distributed and used across the system as efficiently as possible.

A critical question is whether, in order to achieve these principles and the goal of delivering an equitable funding system for all schools, all elements of funding should be distributed through a hard NFF or whether there would continue to be merit in local control of certain aspects of mainstream school funding.

The large majority of the current NFF is distributed at the national level on the basis of the pupils within a school – in 2021-22, 75% through a basic per-pupil entitlement and 17% through factors to reflect pupils' additional needs (indicated by measures of deprivation, low prior attainment, English as an additional language and pupil mobility).

This latter group of factors mostly act as proxies¹⁰ for the extra costs that schools are likely to face in delivering the education of pupils with additional needs, including, in particular, SEND.

Currently, some LAs use different factors in their local formulae to reflect additional needs in schools' allocations or allocate significantly different funding to these factors than the national formula does. Annex A provides further detail on the ways in which LAs' local formulae can currently vary from the NFF. Such local variation ultimately means that the NFF currently does not fully deliver funding on a consistent basis for all individual schools. Moreover, it means the link at school level between the pupils it educates and the funding it receives is not fully transparent. Ultimately, funding is dependent on a combination of the NFF, determining the total funding available for schools in each local area, and one of 150 local formulae determining its distribution to individual schools - rather than the result of a consistent, national approach. It also means that funding is not as well matched to relative pupil needs or as predictable as it could be, meaning the efficiency gains of a national funding formula are not fully realised.

We believe our aim should be that the hard NFF includes all of these pupil-led funding factors including those reflecting additional needs, to ensure equitable funding for all schools to deliver the best education possible for their pupils.

Apart from funding based on the number and needs of pupils within the school, remaining funding is allocated within the NFF on the basis of the characteristics of the school itself. These are: a lump sum, which recognises that schools face fixed costs regardless of pupil numbers; sparsity funding, which recognises the challenges of being a small and remote school; and premises funding, which recognises where there are unusual revenue costs associated with an individual school's site (for example PFI or a split site). The NFF also allows for growth funding to reflect the costs of increased pupil numbers. Our proposals for this are addressed in section 3.3.

In line with the discussion above of pupil-led factors, we believe that the best way to achieve the principles of the hard NFF will be for these school-led factors to be included within a school's allocation under the hard formula. This would mean that schools' costs were funded in a consistent way, no matter where they are in the country, to reflect their circumstances.

Schools' key budgeting decisions take a holistic approach to how they will spend their total funding allocations – schools will consider the total funding available to them, and the full set of priorities that they need to address, in determining the best way to allocate

¹⁰ Funding for the provision of free schools meals is provided by a direct measure of the number of pupils eligible for free meals.

their resources. Schools rightly have considerable autonomy in making those decisions. It is, therefore, appropriate that our aim should be that the hard NFF takes a similarly holistic approach, incorporating both school-led and pupil-led funding elements into the same fair and consistent formula. To include one element of core funding within the hard NFF, but not another, would not align well with the clarity and consistency that best supports schools' budget planning.

The distribution of funding for some school-led factors currently relies on local knowledge and we recognise that we need to build new approaches to distribute this funding appropriately between schools under a hard formula. In the following sections of this consultation we set out proposals for how we can move towards having a national approach for determining growth funding. We also set out in outline our plans to reform how premises funding is allocated, which we will consult on separately, in more detail, in future.

The NFF also includes a funding floor, which has ensured that all schools attract a per-pupil increase in their pupil-led funding. We plan that a floor protection will be retained once we move to the hard NFF. This will mean that all schools will be protected from per-pupil losses. This will continue the protection currently afforded to schools by the minimum funding guarantee but with a single, national rate of protection for all schools once we move to a fully hard NFF.

Schools' funding allocations also include an area cost adjustment (ACA) designed to ensure that their funding allocations reflect local labour market costs and we plan to continue with an ACA as part of a hard NFF.

Our overall proposal therefore, subject to the further development of premises and growth funding factors, is **to include all NFF funding factors – pupil-led and school-led – in the hard formula, such that all funding distributed by the NFF will be allocated to schools on the basis of the hard formula, without further local adjustment through local formulae.**

This will mean we are able to fully realise its benefits once delivered. It will mean that once we fully transition to a hard NFF every school will know that the funding they have been allocated is on the basis of a consistent formula - it is a fair reflection of their relative circumstances and pupil intake and needs, supporting them to deliver on the educational standards expected of them. It will also be transparent to schools why they have been allocated a particular amount, rather than needing to engage with the interactions between both a national and a local allocation approach.

Question 1: Do you agree that our aim should be that the directly applied NFF should include all pupil-led and school-led funding factors and that all funding distributed by the NFF should be allocated to schools on the basis of the hard formula, without further local adjustment through local formulae?

3.2 Developing the schools NFF to support the directly applied NFF

As set out in the previous section, our aim is that the hard NFF should allocate the whole of what a school would consider their core funding – which would bring together both pupil-led and school-led elements of funding. In order to move towards this goal we want to improve the fairness and consistency in how the NFF currently allocates funding (that is, before the introduction of a hard formula). An important part of this will be through the department continuing to review the formula factors within the NFF, and particularly the cash values associated with each factor – these are reviewed on an annual basis, before the publication of the following year’s NFF.

Going further, we plan to consider those elements of schools’ NFF funding that are currently based on historic spending at LA level, rather than up-to-date data on costs and needs. Relying on historic spending leads to anomalies within the patterns of funding allocated to different local areas, and would become progressively less appropriate as a funding methodology in a hard NFF, given our underlying principles of fairness and consistency in funding between local areas.

The factors that are currently based on historic spending are elements of school-led ‘premises’ funding: and specifically, additional funding for PFI schools, for schools with split sites, and for schools which face costs relating to ‘exceptional circumstances’ (such as rental costs for their premises).

In advance of the hard NFF, we will consider these premises factors and whether allocations can better reflect the actual costs that schools face. As part of this, we will also need to consider how any changes and improvements to these elements of the NFF would also be compatible with a hard formula. We will consult separately on detailed proposals on how we could do this in due course – but we would welcome feedback to inform this thinking at an early stage. These are complex areas of the schools NFF that will require careful consideration with stakeholders – any changes would be introduced from 2023-24 at the earliest (or, as noted below, 2024-25 in the case of PFI).

Premises: PFI

Currently, LAs can use a PFI factor in their local funding formulae to support schools that have unavoidable extra premises costs because they are a PFI school, and to cover situations where the PFI ‘affordability gap’ is delegated to the school, and paid back to the local authority (the ‘affordability gap’ is the difference between the cost to the LA of PFI unitary charge payments, and the income that an LA receives as contributions to this cost, such as from the DfE’s PFI Revenue Support Grant).

LAs apply their own methodology for the PFI factor for schools in their area, and we fund LAs based on actual spend on their PFI factor in the previous year, uplifted by

RPIX (a measure of inflation commonly used in PFI contracts). In practice, this reliance on data on historic spending has meant that there is a range of LA approaches to PFI, from LAs having PFI schools but not a PFI factor, to LAs having a PFI factor that makes up a significant proportion of their total schools block, and we have no objective means of checking these approaches for consistency.

In advance of the introduction of the hard NFF, we are exploring how we might reform the funding of the PFI costs that schools face, to ensure that the funding that goes to LAs (and is then passed on to schools) is an accurate reflection of these costs.

We are exploring a more bottom-up funding model, whereby we look at the additional costs that each PFI school incur, as a result of their PFI contracts, and then use this as a basis for our calculation of a PFI factor allocation in the NFF – rather than using updated historic spend. This ‘bottom up’ approach would need to consider the overall additional costs that PFI schools can face (including contributions to the unitary charge, the affordability gap, and any other additional premises costs). In order to conduct this review, we anticipate gathering information from LAs on areas including, but not limited to, contracts, PFI reserves and the affordability gap. We have begun engagement with a selection of local authorities to gather more information on how PFI costs are funded in their local formulae, which will inform a separate consultation on the PFI factor in the NFF. This is a particularly complex area, and we do not anticipate changing out approach to funding PFI before 2024-25.

Premises: Exceptional Circumstances

Currently, LAs can apply to ESFA to use an exceptional circumstances factor in their local formulae – for example for costs relating to **ports**, or joint-use facilities, which the great majority of schools do not face. The value should be no more than 1% of the school’s budget and apply to fewer than 5% of schools in the area, and we fund based on the previous year’s actual spend. 71 LAs use an exceptional circumstances factor in their 2021-22 formulae. In moving to a hard NFF, we will need to consider how and whether funding for exceptional circumstances should continue be provided to schools, in the absence of LA funding formulae. We plan to consult on this specific issue in due course. In this work we will want to consider which costs that are funded through local ‘exceptional circumstances’ factor could be met through a formulaic calculation in the NFF, and which are better dealt with through a national application-based system.

Premises: Split Sites

This is an optional factor in the NFF for schools with unavoidable extra costs due to having buildings on different sites. LAs must base allocations on objective criteria of a split site and set a clear formula (such as a lump sum payment to all schools which meet the criteria of having a split site, or a per-pupil allocation for these schools). The Department funds LAs based on the previous year’s actual spend. As we move to a

hard NFF, we are considering how we can fund schools on the basis of a formulaic assessment of their additional costs, rather than simply rolling forward the historic spending level. We are exploring an approach whereby we collect data on split site schools, assess the degree to which this status generates additional costs for schools, and construct a formulaic factor, based on this data, accordingly. We will consult on proposals separately.

Question 2: Do you have any comments on how we could reform premises funding during the transition to the directly applied NFF?

3.3 Growth and falling rolls funding

Our principles for the overall hard NFF – fairness, efficiency and predictability, simplicity and transparency – extend to growth and falling rolls funding. We want, under a hard NFF, to allocate this funding on a fair and consistent basis across all eligible schools. Growth funding and falling rolls funding are key elements of the NFF because schools' budgets are set under a lagged funding system.

The lagged funding system

Schools' core allocations in any given year are based on the number of pupils that they had on roll at the previous autumn census – this is known as the lagged funding system. This means that maintained schools could educate a different number of pupils from the number that they are funded for, across seven months of the financial year (September to March), and academies for twelve months (September to August).¹¹

A lagged system provides certainty over the amount of funding that schools will receive in advance of the start of the financial year, once pupil numbers are confirmed in the autumn census. We have considered whether we should make changes to the lagged system as we move to a hard NFF, for instance basing a school's funding in a given year on the exact number on roll in that year, but we believe that this would be unhelpful for the majority of schools and that the certainty that lagged funding brings is, in general, the best basis for funding to aid financial planning.

Maintaining a lagged funding system, with growth funding, within the NFF is particularly beneficial for schools experiencing significant growth in pupil numbers because growth funding can then be factored into schools' allocations ahead of the coming financial year, based on forecast growth. Therefore, budgets increase at the same point at which

¹¹ A maintained school's financial year is between April and March, an academy's is between September and August. Section 4.5 discusses the possibility of aligning all schools' funding year with the September to August academic year.

additional costs resulting from pupil growth, mainly staff salaries, would begin to occur.

The lagged system is also particularly beneficial for schools that experience decreases to their number of pupils because it gives lead-in time for such schools to decide how to amend their spending in response to having fewer pupils. This benefit is likely to become more widely felt given primary pupil numbers are forecast to decrease each year to at least 2027, before this smaller pupil population moves through to secondary schools.¹²

Growth funding and falling rolls funding in the current 'soft' NFF

We recognise that a lagged funding system, without any approach to reflect growth, would be difficult for some schools. 'Growth funding' - additional revenue funding, beyond core allocations – is therefore provided to schools who will face significant increases in the number of pupils that they will educate in-year. This is necessary to help such schools meet the additional costs that they incur as a result of growth in pupil numbers, before these additional pupils lead to schools receiving greater core allocations in the following year under the lagged system.

At present, funding is allocated to local authorities through the NFF's growth factor¹³, which local authorities are expected to distribute to schools that are growing to meet basic need. Basic need is additional demand for school places due to population growth or net migration.

The current arrangements have led to the adoption of a wide range of different local criteria to allocate growth funding and a variety of different amounts being paid out by different local authorities. This can mean that schools facing similar levels of pupil growth can be allocated very different levels of funding depending on where they are located. It also means that funding allocated to local authorities through the NFF's growth factor is not necessarily passed on in full for this purpose. Moving to a hard NFF allows a new, consistent and fair approach to growth funding.

In addition to funding for basic need, 'new and growing' schools are also allocated funding to reflect their expected pupil numbers in the coming year's autumn census. 'New and growing' schools are those that have opened in the previous seven years (primaries) or five years (secondaries), and are still adding year groups. These schools are academies, due to the presumption that all new schools will have academy status. At present, academy trusts provide the ESFA with an estimate of their pupil numbers for the coming year, which is then used to calculate their funding allocation, outside the main NFF and local funding formulae system. Our proposals below consider how this

¹² [National pupil projections: July 2018 \(2019 update\)](#)

¹³ [National funding formula tables for schools and high needs: 2021 to 2022](#)

funding would work as we move towards a hard NFF.

'Falling rolls' funding also provides specific schools with additional revenue funding. LAs can make this available for schools with short-term falls in pupil numbers, which are expected to be reversed in the near future, in order to ensure that capacity which will evidently be required in the near future is not put at risk. Falling rolls funding is not provided where decreases to pupil numbers are not significant, or increased demand for school places in future cannot be evidenced. This is only available to schools judged to be Good or Outstanding at their most recent Ofsted inspection. As with growth funding, LAs currently have a large degree of discretion in how they allocate falling rolls funding to schools, and some LAs do not provide this funding at all. Again, the hard NFF provides an opportunity to make the allocation of falling rolls funding consistent and fair across all eligible schools.

We propose that, when a hard NFF is implemented, funding for growth, new and growing schools, and falling rolls will still be allocated, as these will all continue to be important parts of the lagged funding system. However, the method through which this funding is allocated should change – moving to a new, national approach. Below, we set out our specific proposals for growth funding, falling rolls, new and growing schools, and funding for start-up costs in brand new schools, and for schools experiencing 'popular growth'.

Proposed changes to growth funding, and new and growing schools

For growth funding to meet basic need, and for new and growing schools, we propose the following:

- Collecting forecast pupil numbers in maintained schools and academies that are growing to meet basic need (from local authorities) and collecting forecast growth for new and growing schools (from academy trusts).
 - Collecting data on growth to meet basic need from local authorities is important because it is local authorities who have a legal duty to ensure a sufficient number of school places. Furthermore, this makes for an efficient approach as local authorities record such data already, enabling swift data collections which mitigates against any risk of late allocations.
 - Collecting data on new and growing schools from academy trusts mirrors what is currently in place, which we do not see reason to change.
- Using national, standardised criteria to determine which schools are eligible for funding. The main criterion would involve the size of the forecast growth, to ensure that additional funding is only allocated where growth is significant. Where growth is not significant, we would expect schools to manage within the funding allocations on the basis of lagged data until the following year in which

budgets will increase, to reflect the higher pupil numbers.

- Factoring this funding into schools' core, NFF allocations, where growth is significant enough to meet the national criteria.
- Standardising the amount that eligible schools receive. We would look to spend broadly the same proportion of the total Schools Block on growth as at present, adjusted to reflect the level of growth that is forecast when the hard NFF is introduced, and in subsequent years.

Funding would be subject to an adjustment process, similar to that currently used for new and growing schools, which will be designed to prevent additional funding being allocated where higher pupil numbers do not appear as forecast. We would use the in-year autumn census to check the amount of growth that actually materialised in schools and adjust or recoup overpayments in the following year, if necessary. We would not expect to make adjustments in cases where pupil numbers fell slightly short of forecasts. We will seek to design an adjustment process that recognises the inherent uncertainty in forecasts, and that schools may face similar levels of additional cost where an extra class was required but fewer pupils than forecast actually materialised, but one that ultimately helps to ensure that funding is directed where there is greatest need.

We recognise that it will not be possible for local authorities to provide us with forecast growth before the NFF is calculated in every instance, because there may be uncertainty over which schools will admit more pupils or the growth, or size of growth, is yet to be confirmed. We would therefore have one additional data collection point beyond the publication of the NFF each year, for local authorities to be able to provide us with information on growing schools that it was not possible to confirm until then. We would make adjustments to schools' core NFF allocations that have already been published in these cases.

Proposed changes to falling rolls funding

For falling rolls funding, to protect capacity where it will evidently be needed in the near future, we propose:

- Requesting that local authorities inform us which schools are forecast to see a significant decrease to their number on roll in the coming year and provide us with data to demonstrate that their spare capacity is likely to be needed within the next three years. As this funding does not apply to new and growing schools, all information on falling rolls would be requested from local authorities.
- Only provide this funding where schools had already experienced at least one year's decrease to their number on roll, in addition to the forecast decrease in the coming year. Schools should otherwise adjust budgets using the planning time

afforded by the lagged system.

- Continuing to provide this funding only to schools with a Good or Outstanding grade at their most recent Ofsted inspection.
- Similarly to growth funding, standardising the amount that schools eligible for falling rolls funding receive, and factor this funding into schools' core NFF allocations.

Funding start-up costs of new schools

We recognise that it is not always possible or appropriate for local authorities to meet increased demand within existing schools. In such situations, and where a new central route free school is not planned to open, a local authority may choose to open a new school through the 'presumption' route (that is where the local authority is the proposer of the new free school). At present, such schools receive a Project Development Grant (PDG) of £25,000 and any additional start-up funding is determined by local authorities' growth criteria. Similarly for basic need revenue growth funding in existing schools, this has led to inconsistencies across the country in amounts new schools opened through this route receive, as well as inconsistencies in the amount these schools receive with schools opened through the central free school programme.

The hard NFF offers an opportunity to achieve consistency of revenue funding between schools opened through the presumption route and between schools opened through different routes. Our review of existing local criteria for growth funding will encompass start-up costs for new schools and we will consult on detailed proposals in the second stage of this consultation. In advance of this, we will discuss further with LAs that have had schools open through the 'presumption' route.

Popular growth funding

Not all growth in schools is to meet basic need. Growth can also occur where a school becomes more popular with parents and children locally. Just as with schools experiencing basic need growth, we provide schools experiencing significant growth in pupil numbers due to increased popularity with additional funding to reflect their increased costs.

 present, this funding is available for academies with significant forecast growth in pupil numbers. The process for allocating this funding operates in the same way as funding for 'new and growing schools', that is academies that are entitled to this funding provide us with an estimate for their number of pupils in the coming year, which we provide funding for subject to an adjustment process based on the actual, in-year autumn census. Agreements are made on a case-by-case application basis at academy trust level.

Similar to basic need growth, we aim, as we move to the hard NFF, to move to a more transparent and consistent approach for allocating popular growth funding. We do not think we can mirror the proposed approach for basic need revenue growth funding under a hard NFF, where growth funding is automatically provided based on forecasts ahead of the coming year, because it is inherently more difficult to accurately forecast which schools will see such an increase in popularity.

Instead, for popular growth funding we propose:

- Making funding available for schools which have seen an increase in popularity, after being recently sponsored by a multi-academy trust which has improved the school's performance. This funding would, therefore, remain targeted at academies, rather than all schools – to reflect the unique role that academy trusts have in turning around previously under-performing schools.
- Using the in-year autumn census to check which academies that meet the criteria above have experienced significant in-year growth. We do not propose collecting forecast increases to pupil numbers for popular growth funding because it is much more difficult to forecast than basic need growth.
- Making the amount of funding consistent with basic need growth funding allocations.

Question 3: Do you agree with our proposal to use national, standardised criteria to allocate all aspects of growth and falling rolls funding?

 **Question 4: Do you have any comments on our proposed approach to growth and falling rolls funding?**

3.4 Next steps for the transition to the directly applied NFF for schools

LAs currently set their own funding formulae for schools, under the 'soft' NFF. The department sets some restrictions around how LAs design their formulae, but there is a significant degree of flexibility at a local level (these are set out in the description of the current NFF at annex A). For example, LAs must use some NFF factors in their local formulae (such as basic per-pupil funding, and at least one of the deprivation factors), while other NFF factors (such as low prior attainment, and mobility) are optional. LAs may also use a 'looked after children' factor in their local formulae – but this is not in the NFF. This is the only non-NFF factor that LAs can use in their local formulae. LAs have considerable flexibility over the values (in cash terms) assigned to the factors in their formulae (with some limits – for example, in 2021-22 the lump sum that LAs set can be no more than £175,000, and the basic per-pupil entitlement must be at least £2000 for

primary, and £3000 for Key Stage 3 and Key Stage 4). Only the minimum per pupil levels are compulsory for each local authority to use, at given values.

Since 2018-19, we have seen a general movement of LA formulae towards the NFF, and an increasing number of LAs are now 'mirroring' the NFF in their local funding formulae. However, some LAs' formulae remain significantly different from the NFF. We propose to gradually move LA formulae closer to the NFF, in advance of moving to a fully hard NFF. This will mean greater consistency and fairness in funding between local areas. It will also smooth the transition to a hard NFF for schools, by avoiding a cliff edge between the current soft NFF and a hard NFF. Funding floor protections will mean that schools do not face excessive year-on-year changes in cash per-pupil terms upon the introduction of a hard NFF - but a large spike in schools on funding floor protections in a single year would make the NFF allocations less responsive to differences in relative need. Moving LA formulae closer to the NFF in advance of the hard formula will mitigate against this.

In bringing LA formulae closer to the NFF, we think it important initially to take a gradual approach – so that we can consider the impact of changes before decisions are made regarding subsequent movement towards the hard formula. Given the complexity of the task to move to a hard NFF, and the importance of this for school budgets, it is right that we take a careful, measured approach. In light of this, we propose requiring a limited initial movement of LA formulae closer to the NFF in 2023-24, while continuing to protect schools against cash-terms losses per pupil. We will then take stock, and consider the impact of this movement, before taking the next step. We are confident that we should move to a fully hard NFF, to realise the benefits that we have set out in this consultation; but the path to a hard NFF, and the pace at which we move along it, should be informed by ongoing feedback as we proceed.

Our proposals will mean **no new restrictions on LA formulae for 2022-23**. We recognise that LAs will start updating their local formulae for 2022-23 in the summer and early autumn of 2021, and we are mindful of what the impact would be were we to introduce new restrictions on LA formulae mid-way through this planning process.

From 2023-24, we propose that further requirements on LA formulae are introduced, as a first step to bring them closer to the NFF. From 2023-24, we propose that all LAs should be obliged to use each of the NFF factors in its local formulae, and only those factors (which would mean that LAs would no longer be able to use a 'looked after children' factor in their formulae). The exception to this will be any NFF factors that are significantly reformed in 2023-24 – as set out in section 3.2 we aim to develop a new formulaic approach to premises factors. To smooth the transition to these newly 'formularised' factors, they would not be compulsory in the first year that they are introduced – but we would look to bring them in line with other compulsory factors later in the process of moving to a hard NFF.

The other important aspect in ensuring a smooth transition to the hard NFF will be to move the cash values assigned to each factor in local formulae closer to the NFF values. We recognise that LAs are starting from different points – some have factor values very close to the NFF, while others have set factor values much further from the NFF values. To accommodate these differences, we propose that each LA will be required to move their local factors closer to the NFF in a first step that is equal, for all LAs, in percentage terms. This means the required changes will be different in absolute terms, and depend on how far the local formulae is from the 2022-23 NFF. Those furthest from the NFF values will be required to make the largest absolute changes. LAs would be free to move to their formulae to the NFF faster than we require, if they so chose – our proposals would simply set a minimum degree of movement towards the NFF in 2023-24.

Proposals

We propose that, in 2023-24, we would require each LA to bring each of its local formula factors at least 10% closer to the NFF factor value, compared to how far the factor was from the NFF value in 2022-23. As above, any premises factors which are allocated according to a newly formulaic basis, as opposed to historic spending, in the NFF in 2023-24 would be exempt from these requirements. We would also set requirements such that LAs could not ‘over-shoot’ the NFF value (for example, an LA which had a local formulae value below the NFF value could increase its local factor value to get closer to the NFF – but not *higher* than the NFF value).

We think that an initial 10% movement strikes the right balance of being a careful step which will avoid widespread turbulence in schools budgets, while being significant enough that it allows us to test the impact of moving to a hard NFF, and take an informed decision on how quickly we should move to a hard NFF thereafter. A movement of 10% towards NFF values is no faster than the current pace of change we observe from LAs voluntarily moving towards the NFF in their local formulae.

Some schools will gain as a result of local funding formulae moving closer to the NFF – while others will be protected from cash-terms losses in their per-pupil funding by the Minimum Funding Guarantees (MFGs) within local formulae. These protections will remain in place as we move towards a hard NFF. Our analysis has found that if, for example, local funding formulae had moved 10% closer to the NFF in 2020-21, then the increase in the number of schools on MFG protections would have been extremely small – a 0.04% increase, compared to the actual number of schools on MFGs in 2020-21.

We will monitor the impact of our proposed initial step in 2023-24 before deciding the next steps to take to further harden the formula in subsequent years. Our ambition is to build momentum towards a hard NFF through gradually increasing the pace at which local formulae are tightened in subsequent years. After an initial 10% movement closer

to the NFF in 2023-24, and subject to the impact of this movement, we aim to move at least 10% closer to the NFF in 2024-25 and at least 20% closer in 2025-26.

We could take a bolder initial step towards a hard formula by requiring LAs to move their factor values even closer to the NFF in 2023-24. A faster pace of change – such as an initial 25% movement – would allow us to more quickly understand the effect of a hard formula on school budgets and would help schools to realise the benefits of more consistent and fair funding sooner. This faster pace of change would, however, inevitably mean a greater degree of turbulence for school budgets in the transitional years. An illustration of the effects of our lead proposal of 10% movement, and an alternative option of 25% movement, on LA factor values is shown as part of the factor value tightening analysis published alongside this consultation. We welcome feedback on the degree of this initial movement towards the NFF, and what value would best strike the balance between an approach that reduces turbulence in schools' budgets while properly testing the impact of, and building momentum towards, a fully hard formula.

The following three examples illustrate how our proposal of an initial 10% movement would work in practice. LAs would be required to bring their local formulae factor value 10% closer to the NFF, compared to the difference between the local factor value and the NFF value in 2022-23. For a given factor that the NFF funds £500 per pupil:¹⁴

¹⁴ The NFF factor values have area-cost adjustments applied. So, the required movement towards the NFF would be a movement to the NFF value *as adjusted by the ACA*. However, for simplicity, in the illustrations below we assume an ACA of 1.000 in all examples – that is, each LA is moving towards the same NFF factor value, with no differences in ACA.

Table 2 – Example impacts of 10% movement in factor values towards NFF

Example	Difference between the local factor value and NFF factor value in 2022-23	Maximum difference from the NFF value in 2023-24
LA1 – local factor value £900 in 2022-23	£400	£360 (Local factor value should be at most £860, and - to prevent 'overshooting' - not less than the NFF value of £500)
LA2 – local factor value £400 in 2022-23	£100	£90 (Local factor value should be at least £410, and – to prevent 'overshooting' - not more than the NFF value of £500)
LA3 – does not use NFF factor in 2022-23 formula	£500	£450 (Local factor value of at least £50 and – to prevent overshooting – not more than the NFF value of £500)

In our proposal, the same rate of movement towards the NFF would be required of each LA, and of each formula factor. We propose this approach as being the simplest, especially given the divergent ways in which we see LA formulae differing from the NFF – some LAs, for example, give more funding to pupil-led factors than in the NFF, while others more heavily weight school-led funding factors such as the lump sum. In the absence of general patterns, a simple common approach to all factors is our starting point. In taking forward this proposal, we would aim to make the process of meeting these requirements as straightforward for LAs as possible. So, we would provide each

LA with a table to specify the range that its local formulae factors must be within for 2023-24 (and each subsequent transitional year).

Linking the required movement to the distance that the local value was from the NFF in 2022-23 means that we can accommodate changes to the NFF values between 2022-23 and future years. Importantly, this means that would not be requiring LAs to move to the NFF as it currently is – but rather to move closer to the NFF as it develops in the years preceding the hard NFF. For example:

- Assuming a factor has a value of £600 in the NFF in 2022-23, and an LA has set a local factor value of £500 (a £100 difference)
- The LA would be required to set a value for 2023-24 that was within £90 of the NFF value (10% of the £100 difference)
- If the NFF value increased to £620, then that LA would be required to set a factor value of at least £530 (no more than £90 below than NFF value).

We would not require LAs to move factor values nearer to the NFF if they were already very close to the NFF. Some divergence from NFF values is to be expected in LA formulae, as LAs use different (and more recent) pupil data to calculate school funding allocations than are used in the NFF allocations – this difference is necessary to allow DfE to give early indication to LAs and schools of funding levels, in the summer before the allocations themselves, which supports LAs' and schools' budget planning. We would therefore set a threshold, such that if LAs are very close to the NFF, they should be classed as 'mirroring' the NFF and no further movement towards the NFF would be required. Currently, we class LAs which have local factor values within 1% of the respective NFF values as 'mirroring' the NFF. We welcome views on an appropriate definition of 'mirroring' the NFF during the transition to a hard NFF, such that these LAs should not be required to move even closer to the NFF in advance of the move to a fully hard NFF.

Question 5: Do you agree that, in 2023-24, each LA should be required to use each of the NFF factors (with the exception of any significantly reformed factors) in its local formulae? 

Question 6: Do you agree that all LA formulae, except those that already 'mirroring' the NFF, should be required to move closer to the NFF from 2023-24, in order to smooth the transition to the hard NFF for schools? NO - FSM example

Question 7: Do you agree that LA formulae factor values should move 10% closer to the NFF, compared with their distance from the NFF in 2022-23? If you do not agree, can you please explain why?

Question 8: As we would not require LAs to move closer to the NFF if their local formulae were already very close to the NFF, do you have any comments on the appropriate threshold level?

As LAs move their local formulae closer to the NFF, in some areas more schools will be funded by the local funding protections of MFGs. MFGs prevent schools from excessive year-on-year changes in cash per-pupil terms as a result of the transition towards the NFF. However, this will also result in pressures on some LAs' budgets – because some schools will stand to gain funding as a result of local formulae moving closer to the NFF, while other schools (which local funding formulae have funded more generously than the NFF) will be protected. In 2021-22, LAs must set an MFG that is no higher than the level of the NFF funding floor, and no lower than 1.5 percentage points below the floor (that is between 0.5% and 2%). LAs are also able to cap and scale schools' year-on-year gains in order to address affordability pressures in their local formula. In the second stage of our consultation on the hard NFF, we will seek feedback on whether, as a result of requiring LA formulae to move closer to the NFF from 2023-24, we should also allow LAs greater flexibilities over the level of MFG, in order to manage potential affordability pressures – or whether this will not be necessary, given LAs' flexibility to cap and scale gains. As above, our aim is that the protections should continue to ensure that no school will see a cash-terms loss in per-pupil funding, as a result of the move towards a hard NFF.

LAs are currently given additional flexibilities, above the usual discretion over whether to use a factor and what cash value to assign it, in the precise formulation of the English as an Additional Language (EAL) and sparsity factors in their local formulae. For pupils with EAL, LAs have flexibility relating to the number of years in which an EAL pupil has been in the school system, in order to attract this funding. We propose that under our approach to bring LA formulae closer to the NFF, this flexibility should be removed from 2023-24 – so that all LAs would need to use the NFF's 'EAL3' measure, in which pupils attract this funding if they are recorded on the census as having entered state education in England during the last three years, and their first language is not English

The 'sparsity' factor includes a number of flexibilities which LAs can currently use. LAs can apply a different 'tapering' to the sparsity factor, which determines how much remote schools are allocated (determined by how small and remote they are). LAs can also set different thresholds for how small and how remote schools must be to be eligible for sparsity funding. As we have introduced a new methodology for calculating sparsity distances in the NFF from 2022-23, we plan to retain these flexibilities in 2023-24, in order to minimise the disruption for LAs.

Question 9: Do you agree that the additional flexibility for LAs in the EAL factor, relating to how many years a pupil has been in the school system, should be removed from 2023-24?

Question 10: Do you agree that the additional flexibilities relating to the sparsity factor should remain in place for 2023-24?

4. Completing our funding reforms within a school-led system

The move towards a hard NFF set out above has important implications for and interactions with wider aspects of the funding system and how it supports a school-led system. In this section of the consultation we set out these implications and interactions and make proposals in relation to these aspects to support the transition towards a hard NFF and ensure we can fully realise its benefits.

4.1 MATs' pooling of their funding

In 2013, MATs were granted the ability to pool General Annual Grant (GAG) funding. Pooling of GAG is defined¹⁵ as 'the freedom to amalgamate a proportion of GAG funding for (all of a MAT's) academies to form one central fund'. This allows a Trust to pool some of the funding provided for all of the pupils for which it is responsible and distribute it between its constituent academies.

In considering whether the move towards a hard NFF should change MATs' freedom to pool GAG, we considered the substantial benefits that this flexibility brings to the school system. Academy trusts are the primary driver of the department's school improvement strategy and their freedom to pool funding is important in allowing them to deliver on that role. Academy trusts may choose to pool their funding to help them to turn around under-performing schools that they have brought into the trust, as they can direct funding to urgent school improvement priorities. In instances where one academy runs into financial difficulty, pooling helps to provide the trust with the resources and tools to manage independently. It can allow trusts to provide common services across all their academies efficiently, without the need for complex and bureaucratic re-charging systems. The move towards a hard NFF does not alter these key benefits that MAT pooling can bring. Indeed a significant benefit of moving towards a hard NFF is that it will ensure all schools within an academy trust are funded on a consistent and equitable basis, providing greater certainty and predictability of funding to support trusts' school improvement work. This freedom will therefore remain as we move to a hard NFF and continue once the transition to a hard formula is complete.

Whilst we consider that the benefits of MAT pooling for the system as a whole are clear, it is important to note that this freedom is specifically linked to the structure, and responsibility that academy trusts have – with each trust representing a unified governance structure sitting across each of its constituent academies and playing a key role in delivering the department's school improvement strategy. This is not true for

¹⁵ Paragraph 5.29 of the [Academies Financial Handbook 2020](#) (AFH)

other participants in the sector such as LAs (which do not have an equivalent unified governance structure sitting across their schools, **nor the role that academy trusts have in turning around inadequate schools**). **We do not, therefore, see a role for any equivalent to MAT pooling in other part of the education system(!). The government's long term ambition is that all schools should ultimately be part of strong academy trusts(!).**

4.2 Central school services

Ongoing services that are delivered centrally (either by LAs, or by academy trusts) for schools vary considerably across the country, but we consider these to fit into three broad categories:

- **Local authorities' ongoing responsibilities for all schools** – both maintained and academies (for example relating to admissions, or monitoring school attendance). These are funded from the ongoing responsibilities element of the Central Schools Services Block (CSSB) that is paid to LAs in the Dedicated Schools Grant (DSG).
- **De-delegated central functions for schools that local authorities (for maintained schools) and MATs (for academies) are responsible for.** These functions are generally funded through local authorities or MATs top-slicing school budgets. Functions that can be funded this way by LAs are set out in regulations (for example outdoor education or duties related to functions under the discrimination provisions of the Equality Act 2010)¹⁶. Statutory school improvement functions are also delivered centrally for schools for maintained schools, but provided for separately through the local authority school improvement monitoring and brokering grant.
- **Optional traded services for all schools** paid out of individual school's delegated budget share that are offered to schools to buy or not.

Moving towards a hard NFF, whereby the department determines schools' allocations centrally, creates a strong case for change in how funding for central school services should work. The role that LAs currently have in the school funding landscape will change as we move towards a hard NFF, leaving them with less flexibility to determine how the remaining DSG allocated to them is used. The transition to a hard NFF also presents an opportunity to review the variation in how central school services are currently provided and funded. Our proposals aim to bring more consistency across the

¹⁶ Schedule 2, part 6 and part 7 of the Schools and Early Years Finance regulations sets out items that may be removed from maintained schools' budget shares in this way.

country, reflecting these changing roles to support a more school-based system that allows schools maximum control over their funding.

Ongoing central school services

In our review of central school services, we will review which services best sit within each of the three categories mentioned above and whether there is scope for us to set out a clearer list of services to be funded centrally, alongside a greater move towards de-delegated and traded services. **Our intention is for this consultation to be followed by a more technical consultation on the future of central school services covering these issues.**

We would continue to fund statutory responsibilities that local authorities hold for all schools centrally (for example some admissions duties). We are aware that in some cases it might make sense to centrally fund duties that are not statutory as well (for example some admission services which are optional but might be more appropriate for the LA to continue to provide, thereby retaining their strategic oversight function).

One non statutory area that we will wish to treat separately is the existing scheme whereby DfE purchases centrally copyright licences for all state-funded schools and LAs act as local agents for the scheme. This scheme has been successful, reducing the administrative burden on schools of purchasing individual licenses, and we do not intend to change it. Depending on what changes are decided on for central school services, we will if necessary include funding for the copyright licence scheme in the schools block in the same way as growth funding.

It is possible that, after reviewing central school services, there may be a decrease in services remaining with the LA that are centrally funded with more services de-delegated or traded. Under such a scenario we would consider whether the local authorities' funding for those should become part of MHCLG's Local Government Finance Settlement (LGFS) rather than a reduced CSSB block. This could provide helpful flexibility to LAs, if particularly if the simple distribution methodology used for the CSSB formula does not accurately match their need to spend.

Question 11: are there any comments you wish to make on the proposals we have made regarding ongoing central school services, including on whether in the future central school services funding could move to LGFS?

Funding for historic commitments under a direct NFF

The CSSB also includes a historic commitments element, relating to continuing expenditure by LAs on commitments entered into before 2013, on activities which since that date have been deemed not to be appropriate for local authorities to fund directly from the DSG (because either the expenditure was not on mainstream education, or because the expenditure was on long term contracts entered into by LAs on behalf of

their schools over which schools should have control).

The expectation in 2013 was that the spend on these commitments would reduce over time as commitments and contracts expired but some of these are taking longer to unwind than expected. Therefore from 2020-21, we have started to reduce the funding for historic commitments by 20% on the previous year's allocation and have continued the reduction at the same rate subsequently¹⁷. These reductions are in line with our reforms to move to a fairer funding system, as we do not believe it is fair to maintain significant differences in funding indefinitely which reflect decisions made by some LAs a decade or more ago.

We therefore propose that the department fully removes the remaining funding for historic commitments by the time the hard NFF is introduced, as part of making funding fairer and in line with previously stated intentions. We propose replacing funding for unavoidable legacy payments (those for termination of employment costs and prudential borrowing) that some LAs will still be tied into, with a separate legacy grant.

Question 12: Do you agree with the proposal for a legacy grant to replace funding for unavoidable termination of employment and prudential borrowing costs? We will also invite further evidence on this at a later stage.

4.3 Supporting effective SEND provision

The move to a hard formula is an important opportunity to improve how the funding system supports mainstream schools to deliver a high quality education for pupils with SEND. In line with the overarching benefits of a hard formula set out in this consultation, it provides an opportunity to make funding to support SEND provision in mainstream schools fairer, more consistent, simpler, more transparent and more efficient and predictable.

This consultation is being published ahead of the publication of the government's SEND Review. The SEND Review is considering improvements to make sure that the SEND system is consistent, high quality, and integrated across education, health and care, and to make it financially sustainable for the future. As such, the recommendations of the SEND Review will have important implications for how support for pupils with SEND is delivered and funded, including in mainstream schools.

¹⁷ We have allowed protections against these reductions for termination of employment and prudential borrowing spend where there is evidence that these are unavoidable, long-term costs and difficult to unwind. We have to date applied these protections on a case-by-case basis where presented with evidence from local authorities.

We recognise therefore that there will need to be further consultation in the future on how the move to a hard formula can best support and deliver the specific recommendations coming out of the SEND Review, once published. We anticipate that this will form part of our second stage consultation on the hard formula.

In this consultation we set out the overarching implications that the move to a hard formula itself will have for SEND provision in mainstream schools and how moving to a hard NFF can help to deliver a strong and sustainable overall SEND system that supports pupils with SEND in mainstream schools. As set out above, we will consult further on this crucial element of the overall funding system for schools in more detail, in the light of the SEND Review outcomes.

Funding mainstream schools' responsibilities for SEND within a hard formula

Within the NFF we use a set of proxy factors to reflect the likely prevalence of additional needs, including SEND, within a school, and to direct more funding to those schools with a greater number of pupils with these needs. Specifically for SEND, currently measures of deprivation and low prior attainment act as the strongest proxy measures in the NFF for the number of children with SEND in a mainstream school. We carried out an extensive consultation on these proxies in advance of the introduction of the schools NFF in 2018.

We use proxy measures, rather than a direct measure of the prevalence of education health and care plans (EHCPs) or the number of children on SEN support in a school, because rates of identification are not consistent nationally, and a child who would receive an EHCP in one local authority area, might be supported without the need for an EHCP in another. *(Surely we should be looking to standardise this process!!!)* These different rates of identification mean that direct measures of EHCPs or number of children on SEN support would not accurately match funding to underlying need. Furthermore, funding schools on the basis of direct measures of the recorded prevalence of SEND would create a significant risk of introducing a perverse incentive for schools, rewarding schools with increased funding if they increased the number of EHCPs or children identified as needing SEN support, beyond what is really needed to enable children and young people with SEND to receive a high quality education. It would risk further diverting schools' resources into identification and assessment, rather than the provision of the support that these pupils deserve.

The move to a hard NFF will ensure that this funding to help schools support children with SEND is distributed consistently between schools across the country. As noted in the introduction, currently the amount of funding allocated by additional needs factors varies significantly between local formulae. For example, the amount of funding that a secondary pupil with low prior attainment attracts varies from £450 to just over £3,800 across local formulae. These inconsistencies between local formulae mean that schools with similar numbers of pupils with additional needs can receive significantly different levels of funding in their core allocations simply by virtue of the LA the school happens

to be in. Even where two local authorities direct the same proportion of their overall schools budgets towards additional needs, different choices of which additional needs factors they use, and the weightings that they give to those factors, mean that similar schools are funded differently. A hard formula can deliver a level playing field, in which all schools receive funding on a consistent basis through the NFF to meet the needs of pupils with SEND.

As we have set out in section 3.1, we intend to continue to include all the additional needs factors currently used within the national formula, as we move to a hard formula. However, it will be important to review the proxies used in the NFF to make sure that they continue to reflect the relative prevalence of additional needs, and therefore costs. We plan that this review will follow the conclusion of the SEND Review, in order to take account of any recommendations from the review on the role of mainstream schools in SEND provision.

Mainstream schools as part of a strong local SEND system

The move to a hard formula will deliver more consistent funding to support individual mainstream schools. However, individual mainstream schools also form part of a wider system of local SEND provision overseen by the LA. LAs' high needs budgets fund specialist provision (for example in a special school or Alternative Provision) for pupils not in mainstream schools, as well as SEND provision across the whole 0-25 age range. Mainstream schools access additional high needs ('top-up') funding from their LA when the additional costs of supporting a pupil with SEND exceed £6,000, and in some cases where a school has a disproportionate number of pupils with SEND or EHCPs. Furthermore, when setting its local formulae for funding for individual mainstream schools the LA identifies an amount of that funding which forms a 'notional SEN budget' for each school. This is an indicative, non-ring-fenced, amount that schools may set aside for pupils with SEND; but it neither represents a minimum or target level of spending, nor a maximum limit on the spending on SEND that any school should provide.

In recent years we have seen increased pressure on LAs' high needs budgets, particularly due to increased demand for EHCPs. At a system level, one way in which the relationship between mainstream school provision, demand for EHCPs, and the resulting pressure on LAs' high needs budget has been managed is through the flexibility that LAs have had to move funding from the mainstream schools funding block to their high needs budget. This flexibility was limited in 2018/19 when the NFF was first introduced, through a process of funding block transfers. Currently, with agreement from the local schools forum the LA may transfer up to 0.5% of its schools block funding to its

high needs budget, and with Secretary of State approval a transfer greater than 0.5% can be made.¹⁸

We recognise that these arrangements have been a significant mechanism for some LAs to manage recent pressures on their high needs budget. Such an approach, however, does not tackle the underlying causes of a mismatch between a local authority's high needs budget and its high needs spending and it does not represent a sustainable long-term solution. This is particularly the case as we consider the move to the hard formula. As has been set out in this consultation, a key part of the hard formula is that individual schools' funding is allocated on a consistent basis and is not subject to further adjustment through a formula designed by the LA. Continuing with an approach where LAs could continue to move funding out of the schools funding block, and therefore reduce individual school allocations under the NFF, would not enable schools to see the benefits of the hard formula.

The department is currently working to address these pressures on high needs budgets and support LAs to manage their high needs budgets more sustainably. Funding for high needs increased by £730 million in 2021/22, coming on top of an extra £780 million in 2020-21, which means high needs budgets have grown by over £1.5 billion, nearly a quarter, in just two years. Last year the department commenced an intervention programme working with the LAs with the highest DSG deficits, supporting them to reform their high needs systems and associated spending to make it more sustainable. We will shortly publish a commentary on that programme to date, with recommendations that LAs could consider in tackling their own DSG deficits, including specific case studies from LAs who have developed approaches to support the sustainability of their high needs systems. Alongside this, a central aim of the SEND Review is to make recommendations that will tackle the underlying causes of costs pressures in the high needs system and lead to a more financially sustainable system in the longer-term.

Following the recommendations from the SEND Review, future consultations will consider whether a new mechanism, in place of the current block transfers, and which is consistent with a hard NFF, needs to be developed for situations in which LAs continue to face significant, unavoidable, pressures on their high needs spending – for instance, in areas where particularly high usage is being made of special schools, which are fully funded through LAs' high needs budgets, and relatively low proportions of children with EHCPs are being educated in mainstream schools. Future consultations will also consider any changes to how mainstream schools receive high needs funding, and to

¹⁸ A transfer of up to 0.5% which the schools forum does not agree to, can also be made with Secretary of State approval.

the future of notional SEN budgets, in the light of recommendations from the SEND Review.

4.4 Local and national decision-making

Schools Forums are representative bodies in each LA to advise on (and, in some cases, take) local funding decisions. They have a wide range of responsibilities, covering funding for schools, high needs, early years and central LA services. As well as these formal responsibilities, they play an important role in local stakeholder engagement – they are well-established networks that bring local providers together to discuss common issues. In the long term, the introduction of a hard NFF will change the role of schools forums in some important ways, but not remove the need for a local forum to facilitate the engagement of schools and other providers in decisions and consultation on local matters.

Schools forums have a range of responsibilities relating to local funding formulae for mainstream schools. For example, they must be consulted by their LA on changes to local funding formulae for schools. Schools forums must decide on LAs' proposals to move up to 0.5% of the schools block to other funding blocks. Schools forums also have a decision making role on 'de-delegation' arrangements (whereby LAs deduct some of maintained schools budgets to fund central services for those schools, as set out in section 4.2 above), and on criteria for allocating funding to schools for growth in pupil numbers due to basic need (as set in section 3.3).

Once a hard NFF is fully implemented, some of schools forums' powers and responsibilities will no longer apply. Under a hard NFF, there will no longer be local funding formulae for mainstream schools – and so schools forums' role in being consulted on such formulae will clearly fall away. As we propose to move to a national approach to funding schools with significant pupil growth, then the role of schools forums on this issue will likewise no longer apply. Under our proposals, transfers from the schools block to other funding blocks (such as high needs) will no longer be possible under a hard NFF – again, as a consequence, the current role for schools forums in deciding such transfers will no longer apply.

While the move to a hard NFF would mean that the role of schools forums will change, we expect that **this kind of representative group will continue to play an important part in local decision making and stakeholder engagement.** The move to a hard NFF does not have an impact on schools forums' existing roles in relation to early years funding. As proposed in section 4.2, LAs would continue to have a role in providing central services to schools under a hard NFF – and schools forums should have a continued role in decisions over the funding for these services. Schools forums also have an important role in relation to high needs funding – for example, they must be consulted by the LA on arrangements for the education of children and young people with SEN and those

who require alternative provision, including the places to be commissioned by the LA, and the arrangements for paying top up funding to schools and other providers.

We plan to conduct a wider review of the role of schools forums as we progress with the introduction of the hard NFF, and following decisions on the future of the SEND system. This wider review will consider the rules around the membership and structure of schools forums, to consider whether these remain appropriate in light of the direct changes as a result of the move to a hard NFF, and any new responsibilities that schools forums take on.

The table at annex B summarises which of schools forums' responsibilities and powers will no longer apply following the introduction of a hard NFF, and which will be maintained (as well as flagging areas where current responsibilities may change as a result of future policy developments – particularly related to SEND).

In addition to the important stakeholder engagement role that schools forums play at a local level, the department regularly engages with stakeholders at a national level in order to inform the development of school funding policy. The department regularly holds public consultations on proposed changes to school funding (for example, in 2021 we have held consultations on improving how the NFF supports small and remote schools, and on streamlining the process for payment of school business rates). The introduction of the hard NFF will not change this – we will continue to consult in advance of changes to the design of the NFF. The department also regularly meets with forums of LA representatives and national stakeholders (such as unions, and other national representative bodies) to discuss emerging funding policy proposals. These forums play a key role in informing funding policy development – and, again, the introduction of a hard NFF would not change this approach.

4.5 A consistent funding year

Maintained schools and academies are currently funded on different cycles: the April to March financial year for maintained schools, and the September to August academic year for academies. This dates back to the initial introduction of academies, who preferred funding to be allocated on an academic year basis which coincided with their business cycle.

This difference between the funding cycles means that, at a pre-16 level, maintained schools and academies are likely to be receiving different funding amounts for 5 months of a year, despite having otherwise the same characteristics. This does not align fully with the intention of moving to a hard NFF - that schools with the same characteristics should receive the same amount of funding.

Most schools plan their staffing, spending and curriculum on an academic year basis. This means that the profile of funding – the way that a maintained school's income

changes during the year – does not reflect the profile along which maintained schools plan and make their spending commitments. Most importantly, changes to the single most significant element of any school's budget - teachers' pay - take effect from the start of the academic year, rather than the start of the financial year. We are therefore interested in whether there is a case to move to funding maintained schools on an academic year basis.

We are aware that moving maintained schools to being funded on an academic year basis would have the potential to cause some complications with accounting and financial reporting. This is because the financial reporting cycle would differ from the funding cycle, with the financial reporting cycle remaining on a financial year basis in line with the reporting cycles of other funding streams local authorities work with.

As we move to a hard NFF, we want to explore the pros and cons of setting funding allocations for both academy and maintained schools, on a consistent academic year basis. Maintained schools would be expected to account for their funding on a financial year basis (in each financial year, accounting for the last 7 months' funding from one academic year, and the first 5 months' funding from the next). This would remove the need for maintained schools to account for their funding twice a year. It is important to note that local authorities, as well as many secondary schools, will have already dealt with issues similar to this in relation to their funding for post-16 provision.

We are therefore using this consultation to understand the appetite for a change in funding year for maintained schools, from a financial year to an academic year, as part of the shift towards a hard formula.

Question 13: How strongly do you feel that we should further investigate the possibility of moving maintained schools to being funded on an academic year basis?

Question 14: Are there any advantages or drawbacks to moving maintained schools to being funded on an academic year basis that you feel we should be aware of?

Annex A: The current structure of schools national funding formula (NFF)

Introduction to the NFF guide

Funding for schools mostly comes from the **Dedicated Schools Grant (DSG)**.

The DSG is split into four different blocks, which each serve a different purpose. The three blocks¹⁹ which contribute to the 'core schools budget' are:

- The **Schools Block** - the basic funding for all 5 to 16 year old pupils in mainstream schools. This block provides the majority of any mainstream school's funding.
- The **High Needs Block** – the funding for pupils with high level special educational needs up to the age of 25 in mainstream schools (top up funding in respect of particular pupils) and special schools (both place funding and top up funding), and for 5 to 16 year olds in alternative provision.
- The **Central School Services Block** – the funding for local authorities for their ongoing responsibilities for both maintained schools and academies, and for certain ongoing historic commitments.

Schools also receive other streams of funding, including the pupil premium, which provides additional funding to raise the attainment of disadvantaged pupils and is paid directly to schools.

This guide covers the **schools national funding formula (NFF)** which is used to allocate funding through the schools block in the DSG.

Background to the NFF

The NFF determines how we distribute core funding for 5 to 16 year-old pupils in mainstream schools. It calculates a sum for each school in England, primarily based on the needs of the pupils who attend the school.

Before the introduction of the NFF in 2018, schools serving pupils with similar characteristics could attract significantly different levels of funding based on data that was over a decade out of date. The NFF made the funding system fairer, allocating funding based on schools' and pupils' needs and characteristics – not accidents of location and history.

¹⁹ The fourth block is the **Early Years Block**, which funds the early years entitlements for 2-4 year olds.

The purpose of the schools NFF is not to give every school the same level of funding. For example, schools with a large proportion of pupils with additional needs, such as those indicated by measures of deprivation, low prior attainment, or English as an additional language receive extra funding to help ensure that schools are supported to meet the needs of all their pupils. Our aim is to have a system that means schools and local authorities will be funded on an up-to-date assessment of need that reflects the characteristics of the school and their pupils in a consistent fashion.

Every year, we review the formula and the factor values so that it remains responsive to new evidence and to schools' changing needs. This responsiveness needs to consider both changes to the balance of funding through the various factors of the formulae, and technical changes so that the formulae accurately reflect the most up to date information available.

Each year, we publish full details of the changes made to the NFF since the previous year, and illustrate the impact on every school and local authority in the country. This guide summarises the schools NFF for 2021-22 – effectively bringing together what was previously set out in the original 2018 policy document ([The national funding formula for schools and high needs: Policy document](#)) and the subsequent annual updates ([National funding formula for schools and high needs](#)) into one place.

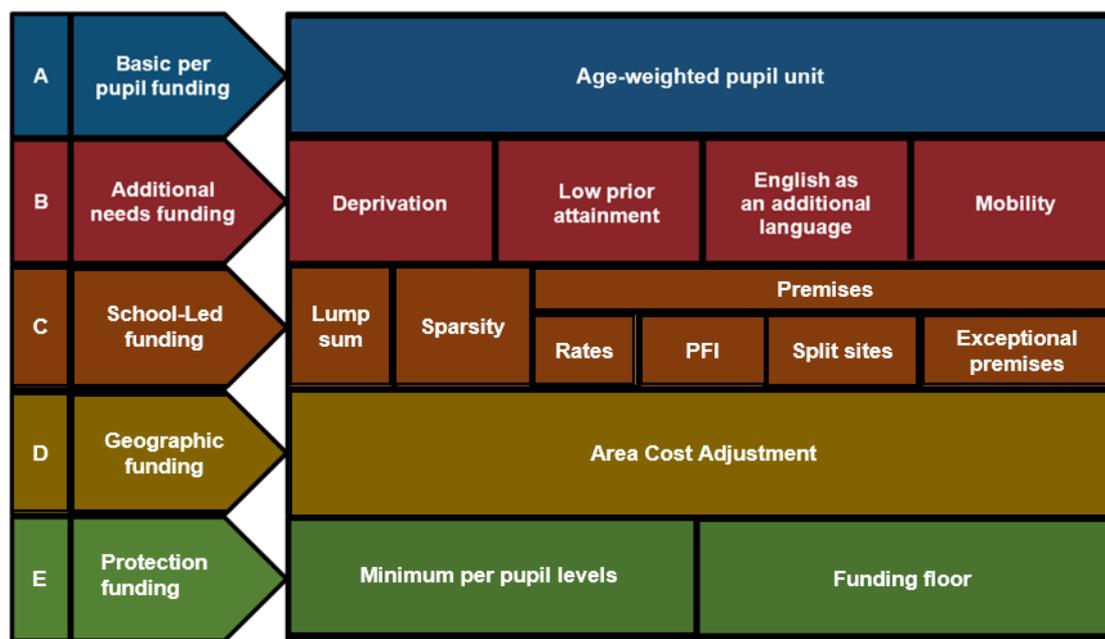
Overall design of the formula

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

Approximately 90% of the schools NFF funding is allocated through 'pupil-led' factors. The 'pupil led' factors are determined by pupil numbers and pupils' characteristics. The majority of this funding is allocated through the basic per pupil funding factor, which all pupils attract. The NFF allocates the rest of 'pupil-led' funding towards additional needs.

Figure 2 - Current NFF Funding Factors

Figure 2: This illustrates the factors that will be taken into account when calculating schools block DSG funding allocations through the national funding formula. It is not to scale. Funding for premises factors are allocated to local authorities on the basis of historic spend.



Evidence shows that pupils with additional needs are more likely to fall behind and need extra support to reach their full potential. This is why the NFF allocates 17% of all funding through additional needs factors based on deprivation, low prior attainment, English as an additional language and mobility.

Pupils attract funding for all the factors for which they are eligible. So, 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 £117,800. 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 (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 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 NFF as a ‘soft’ funding formula and the role of local authorities

Under the current ‘soft’ formula local authorities continue to have an important role in determining individual school budgets. The NFF determines how much funding each local authority receives, by calculating an allocation for every school and then aggregating these up for each local authority. Local authorities then distribute that funding to the schools in their areas using their own local formulae – this means that schools’ actual allocations can differ from the notional NFF allocations.

The following diagram illustrates this soft formula system.

Figure 3 – Diagram of the current funding allocation system



This process applies to academies and maintained schools in the same way. The Educational and Skills Funding Agency pays academies their funding directly, based on the local schools formula for their area, whereas for maintained schools, the local authority receive the funding and then pass it on to the schools. Maintained schools are paid on a financial year basis (April to March) and academies on an academic year basis (September to August).

From NFF school-level allocations to local authority funding

The NFF is used to calculate ‘notional’ school-level allocations. These were published in July 2020 for 2021-22. Based on these allocations (but excluding premises funding),

average per pupil funding levels are calculated for primary and secondary pupils respectively – so called ‘primary units of funding’ (PUFs) and ‘secondary units of funding’ (SUFs) – for each local authority. This tells each local authority in the summer how much will be available, per pupil, in the following year.

Actual local authority allocations are then calculated by multiplying the SUFs and PUFs with updated pupil numbers based on the October 2020 census. Together with premises funding and growth funding, these form the local authority schools block allocations under the DSG. The growth funding is calculated using the differences between the number of pupils on roll in each local authority in the October 2019 and October 2020 school censuses. Actual allocations for 2021-22 were published in December 2020.

Each local authority sets its own local formula to distribute their DSG allocation among their schools – subject to certain parameters set out by the DfE. Some NFF factors – such as the basic per pupil factor, and the use of a deprivation factor – are mandatory in LA formulae. Other factors are optional for LAs – such as the sparsity factor, and the mobility factor. LAs also have some flexibility over the cash values for most factors – with the important exception of MPPLs (for which both using factor, and its funding levels, are mandatory). Detail on these rules can be found in the [Schools revenue funding 2021 to 2022 Operational guide](#).

The following sections give more detail on the design of the individual factors within the schools NFF. The figures for how much funding is allocated by each factor relate to 2021-22.

Pupil led factors

Basic per pupil funding

75.3% of the schools NFF is allocated through the basic per pupil funding, which every pupil attracts. The amount varies by age. In the 2021-22 NFF pupils in reception to year 6 attract £3,123, pupils in year 7 to year 9 attract £4,404, and pupils in year 10 and 11 attract £4,963. This is a mandatory factor in local formulae, and must be set at least £2000 per primary age pupil, and at least £3000 per Key Stage 3 and Key Stage 4 pupil.

Additional needs factors

Deprivation

The NFF allocates 8.8% 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). LAs must have at least one deprivation factor in their local formulae, but can choose from within the basket of factors below.

- o FSM

Schools attract £460 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 here [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 £575 for each primary pupil and £840 for each secondary pupil eligible for FSM6 funding.

- o IDACI

The NFF allocates 3.9% of its funding to pupils eligible for IDACI funding. This funding is based on the IDACI 2019 area-based index measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into seven bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A-F, with more funding directed to pupils in the more deprived bands²⁰.

²⁰ 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	£620	£475	£445	£410	£260	£215	£0
Secondary unit value	£865	£680	£630	£580	£415	£310	£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 6.9% 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 £1,095 and £1,660²¹ respectively²². This is an optional factor in LA formulae.

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.

²¹ For secondary pupils, year-group weightings are applied to the unit value to reflect the changing difficulty of tests. See page 17 of the NFF schools block technical note for detail: [2021-22 NFF schools block technical note](#).

²² For 2020 where these assessments have been cancelled, schools are allocated funding based on the previous year's results.

Schools attract £550 for all EAL-eligible primary pupils, and £1,485 for all EAL-eligible secondary pupils. This is an optional factor in LA formulae.

Mobility

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

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 £900 for eligible primary pupils, and £1,290 for eligible secondary pupils, above a threshold of 6% of the schools' pupil numbers (that is where more than 6% of a school's pupil are classified as mobile). This is an optional factor in LA formulae.

School-led factors

Lump Sum

Every school attracts a lump sum of £117,800 through the NFF irrespective of its size or phase. The total spend on the lump sum represents 6.5% of the NFF. This is an optional factor in LA formulae – but LAs that use this factor must not set a lump sum higher than £175,000.

Sparsity funding

In 2021-22, 0.1% of the NFF is allocated through the sparsity factor, for small and remote schools.

Eligibility for sparsity funding depends on the distance the pupils in 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:

- a. For all the pupils for whom it is the nearest 'compatible' school²³, the average distance from the pupils' homes to the second nearest compatible school is more than three miles (for secondary schools) or two miles (for all other schools).

²³ 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.

- b. 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 £45,000 and secondary schools (including middle and all-through schools) up to £70,000. Schools with a lower number of pupils attract a higher amount than those closer to the year group threshold. This tapered funding means that where there are small pupil number changes, schools will not move from significant additional funding to no sparsity funding. This is an optional factor in LA formulae.

Premises

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

- o Rates

Local authorities receive funding for business rates, to meet the real costs of schools. We are proposing to centralise the payment of business rates for schools from the 2022-23 financial year onwards. A consultation on these proposed changes closed on 5th May 2021 and we will publish the results in due course.

- o PFI

The Private Financial Initiative (PFI) factor is funded on the basis of an LA's previous year's spending. Every year, we uprate this funding in line with the RPI(X) measure of inflation, to reflect most PFI contracts. This is an optional factor in LA formulae.

- o Split Sites

This is intended to recognise the additional costs that schools that are spread over more than one site can face. Local authorities receive funding for the split site factor on the basis of spend in the previous year. This is an optional factor in LA formulae.

- 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 premises costs, this is taken into account when determining their funding. Local authorities receive funding for this factor on the basis of their spend in the previous year. This is an optional factor in LA formulae.

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 the increase in pupil numbers before the lagged funding system has caught up.

The growth factor distributes funding 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.

The growth fund can only be used to:

- support growth in pre-16 pupil numbers to meet basic need.
- support additional classes needed to meet the infant class size regulation.
- meet the revenue cost of new schools.

Area Cost Adjustment

The area cost adjustment (ACA) 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 (52.8%).
- b. Weighting the relevant GLM labour cost adjustment in line with the national proportion of spend on non-teaching staff in mainstream schools (27.6%).

Nationally the ACA ranges between 1.00 and 1.18. For some schools, how much their allocation is adjusted depends on the local district area in which the school is located. Some local authorities – 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 their specific location.

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 £4,180 for primary year groups, £5,215 for KS3 and £5,715 for KS4.²⁴ Each school's MPPL is calculated as a weighted average of the number of year groups they have.

This means that the minimum per pupil level is £4,180 for primary schools, and £5,415 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.

The MPPL, and the national MPPL values, are mandatory in LA funding formulae.

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 would be lower.

In 2021-22, the formula ensures that all schools attract an increase of at least 2% in pupil-led funding per pupil compared to 2020-21.

LA funding formula must include a Minimum Funding Guarantee (MFG), that provides a similar protection to the funding floor. In 2021-22, the MFG can be set between 0.5% and 2%

²⁴ 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 the pay and pensions grant into the NFF.

Annex B: Proposed changes to schools forum responsibilities

Function	Current schools forum role (as set out in regulations)	Proposal: remove or retain schools forum role under a hard NFF?
Formula changes, including redistributions	Must be consulted	Remove powers as these relate to the funding formulae for mainstream schools. Retain these powers as they relate to early years and high needs funding.
Movement of up to 0.5% from schools block to other blocks	Decides	Remove
Minimum funding guarantee	Gives a view	Remove – hard NFF will set a single, national funding floor level, replacing local MFGs
Central spend on and the criteria for allocating funding for: <ul style="list-style-type: none"> • Significant pre-16 pupil growth • Falling rolls funding 	Decides	Remove – we propose that we allocate ‘growth’ funding centrally, replacing local decisions
De-delegation for mainstream schools for example administration of FSM, supply cover staff costs, school improvement (LA intervention), joining RPA	Maintained primary and secondary schools to decide on proposals relating to their phase.	Retain
Central spend on early years block provision		Retain

Function	Current schools forum role (as set out in regulations)	Proposal: remove or retain schools forum role under a hard NFF?
<p>Central spend on:</p> <ul style="list-style-type: none"> • statutory responsibilities that LAs hold for all schools • remission of boarding fees at maintained schools and academies • places in independent schools for non-SEN pupils • admissions • servicing of schools forums 	<p>Decides</p>	<p>Retain – if the Central School Services Block within the DSG continues under hard NFF (that is if funding is not transferred to the LGFS)</p>
<p>Central spend on:</p> <ul style="list-style-type: none"> • high needs block provision • central licences negotiated by the Secretary of State 	<p>None, but good practice to inform forum</p>	<p>Retain – but we will review how the LA role on central spending on high needs block provision will apply following SEND Review proposals</p>
<p>Financial issues relating to:</p> <ul style="list-style-type: none"> • arrangements for pupils with SEN, in particular the places to be commissioned by the LA and schools, and arrangements for 	<p>Gives a view</p>	<p>Retain in respect of responsibilities relating to central government grants and early years.</p> <p>Some responsibilities relating to SEN, PRUs and AP likely to still apply – but the details of these responsibilities will depend on policy decisions</p>

Function	Current schools forum role (as set out in regulations)	Proposal: remove or retain schools forum role under a hard NFF?
<p>paying top-up funding</p> <ul style="list-style-type: none"> • arrangements for use of PRUs and AP, and arrangements for paying top-up funding • arrangements for early years provision • administration arrangements for allocation of central government grants 		<p>following the SEND Review.</p>
<ul style="list-style-type: none"> • Central spend on historic commitments. For example prudential borrowing, termination of employment costs, capital expenditure funded from revenue 	<p>Decides on each line</p>	<p>Retain - but a reduced role as we propose (that central funding for historic commitments is gradually removed in advance of introduction of a hard NFF, with a small legacy grant for those LAs with historic commitments that cannot be unwound by the time of the hard NFF implementation.</p>
<ul style="list-style-type: none"> • Contracts (where the LA is proposing to enter a contract to be funded from the schools budget) 	<p>Gives a view</p>	<p>Remove – these arrangements have now been replaced by traded services.</p>

Annex C: Equalities Impact Assessment

The Public Sector Equality Duty

The Equality Act 2010 identifies the following as protected characteristics for the public sector equality duty:

- Age
- Disability
- Gender Reassignment
- Pregnancy and Maternity
- Race (including ethnicity)
- Religion or belief
- Sex
- Sexual orientation

Under Section 149 of the Equality Act 2010, the Secretary of State is under a duty to have due regard to the need to:

- 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, in particular the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
 - tackle prejudice, and
 - promote understanding.

Consideration of the protected characteristics identified in the Equality Act 2010

- Age – We have not identified any potential negative or positive impact related to age.
- Disability – Disability is an area that will require more evidence due to interaction between the hard NFF proposals and High Needs funding. For our analysis below, we have assumed that the number of SEN pupils in a school can act as a proxy for the effect on those with a disability, as most of the 12 types of SEND either explicitly relate to disability or encompass learning disabilities.
- Gender Reassignment – We have not identified any potential negative or positive impact related to gender reassignment.
- Pregnancy and Maternity – We have not identified any potential negative or positive impact related to pregnancy and maternity.
- Race (including ethnicity) - We have not identified any potential negative impact related to race (including ethnicity). There is evidence that certain ethnic groups are disproportionately represented in the most deprived groups.²⁵ Therefore, we expect a potential positive impact on race (including ethnicity) if bringing LA formulae closer to the NFF means that nationally proportionally more funding is to be allocated through the deprivation factors. In recent years, the proportion of funding allocated through deprivation factors in the NFF has been slightly higher than the average proportion allocated through these factors in LA formulae.
- Religion or belief – We have not identified any potential negative or positive impact related to religion or belief.
- Sex – We have not identified any potential negative or positive impact related to sex.
- Sexual orientation – We have not identified any potential negative or positive impact related to sexual orientation.

This consultation document sets out proposals to move to a 'hard' NFF, in which all individual schools' funding allocations are set by the national formula without substantive further local adjustment. Therefore, our expectation is that the hard 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 children, irrespective of their background, ability, need, or where in the country they live. This funding system does

²⁵ Data collected in the January 2019 school census showed that while 14.5% of White British primary and secondary school pupils were eligible for Free School Meals, this proportion was higher amongst pupils from the following backgrounds: Traveller of Irish heritage; Gypsy/Roma; White and Black Caribbean; White and African; White and Asian; Any other mixed background; Pakistani; Bangladeshi; Caribbean; African; Any other black background; Any other ethnic group.

not seek to target specific groups of pupils simply because they are protected by the Equality Act, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement. This mirrors the assessment from our previous national funding formulae consultation in 2016 that the national funding formula would benefit all pupils with a clearer and fairer distribution of funding. We believe that the move to a 'hard' funding formula and the gradual removal of substantial local adjustment will further enhance fairness, consistency and allocation according to need across school funding at a national level.

There is some inherent uncertainty about the effects of moving to a hard NFF. There are various ways in which LAs currently depart from the national formula and schools' forums will retain some discretion as we transition to the new system. The consultation proposals include taking an incremental approach to the move towards a hard NFF. This gradual approach to introducing a hard formula will allow the department to continue to monitor the impacts on those with protected characteristics going forward. We will continue to consult with the sector to understand the implications of our proposals.

However, it is likely that the 'hardening' of the funding formula will direct further funding at schools with a higher proportion of SEN pupils. Where LAs' formulae depart from the NFF currently, this is often because of a lower value (compared to NFF values) for additional needs factors (which act as a proxy for SEND within the schools NFF), and/or a higher value for school-led factors such as the lump sum. Moving LA formulae closer to the NFF should therefore lead to relatively more funding being allocated through the pupil-led additional needs factors within the funding formula. The low prior attainment factor, which directs additional funding for every pupil who did not reach the expected standard at the previous stage, and deprivation factors are strongly correlated to schools with higher proportions of SEN pupils in mainstream provision. Insofar as 'hardening' the NFF will direct greater funding to schools with a higher proportion of pupils with additional needs factors that correlate with SEND, this should have a positive impact on equalities.

The proposals for a hard NFF will have implications for High Needs funding. For example, transfers from the schools block to the High Needs block will not be possible under a hard NFF, which currently help LAs to meet funding pressures in provision for children and young people with SEND. However, we anticipate that this issue will be mitigated by recent increases in high needs funding, work with LAs with the highest DSG deficits to improve financial sustainability and, in the longer-term, the proposals from the SEND Review to address the underlying causes of the pressures on high needs spending. However, this is an issue we will continue to monitor as we develop detailed proposals for how the hard formula will operate and once the recommendations from the SEND Review are known.

Our analysis of the impact of our proposals in relation to those with protected characteristics will be ongoing during the consultation period and will continue during the longer-term move towards a hard NFF, incorporating findings from the consultation.

Question 15: Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change.

Question 16: Are there any further comments that you wish to make about our proposed move to complete the reforms to the NFF?



Department
for Education

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DRAFT RESPONSE TO FAIR FUNDING FOR ALL CONSULTATION (Closes 30 September 2021)

(Section 3.1) 1. Do you agree that our aim should be that the directly applied NFF should include all pupil-led and school-led funding factors and that all funding distributed by the NFF should be allocated to schools on the basis of the hard formula, without further local adjustment through local formulae?

Yes **No** Unsure

(Section 3.2) 2. Do you have any comments on how we could reform premises funding during the transition to the directly applied NFF?

Please comment: **Given the specific nature of some elements of exceptional premises funding, these cannot be determined by a national formula, and may need to continue to rely on historic data.**

(Section 3.3) 3. Do you agree with our proposal to use national, standardised criteria to allocate all aspects of growth and falling rolls funding?

Yes **No** Unsure

(Section 3.3)4. Do you have any comments on our proposed approach to growth and falling rolls funding?

Please comment: **In relation to the ESFA proposed approach to Growth Funding is it reassuring to see that the key role of the LA in this is acknowledged, and the LA will continue to be the principle source of the basic need data for both maintained schools and academies, with academy trusts providing forecast growth for new and growing schools. It should not be overlooked that there can be “growing” maintained schools, for example as a result of structural reorganisation and changes from “three tier” (First; Middle; High) to two tier (Primary, Secondary).**

The proposed approach, where an adjustment process is used to ensure payments are NOT made where higher pupil numbers do not appears as forecast is one Northumberland has successfully used working with both academies and maintained schools, using the disapplication process as appropriate and there is nothing in the consultation paper to suggest this could be better handled centrally by the ESFA that at an individual LA level. It is vital that this accurately reflects pupil numbers in order to minimise the chance of diverting funds unnecessarily from general distribution within the School Block to the benefit of all schools.

There has also been a long standing principle reinforced by the ESFA that Growth Funding is NOT used for increased pupil numbers arising from “popularity”. It is therefore extremely disappointing to read in Section 3.3 (page 26) of the consultation paper, there is clear discrimination between academies and maintained schools as “popular” growth funding is available for academies. This can clearly provide a LA with challenges in terms of its statutory place planning function when trying to ensure the financial viability of a diverse school estate, there is no justification for such inequity in the system so this should either be removed altogether, or the same popular growth funding opportunities be similarly available to maintained schools.

(Section 3.4) 5. Do you agree that, in 2023-24, each LA should be required to use each of the NFF factors (with the exception of any significantly reformed factors) in its local formulae?

Yes No **Unsure**

6. Do you agree that all LA formulae, except those that already 'mirroring' the NFF, should be required to move closer to the NFF from 2023-24, in order to smooth the transition to the hard NFF for schools?

Yes No Unsure

7a. Do you agree that LA formulae factor values should move 10% closer to the NFF, compared with their distance from the NFF in 2022-23?

Yes **No** Unsure

7b. If you do not agree, can you please explain below.

Given the Government's policy commitment to the NFF, the possibility of moving there in successive 10% steps would seem to suggest that this could take a further 10 years from 2023/24. It is suggested, given the Government's commitment to the NFF this would unnecessarily prolong the process.

8. As we would not require LAs to move closer to the NFF if their local formulae were already very close to the NFF, do you have any comments on the appropriate threshold level?

It is unclear how these thresholds will be set, so is therefore difficult to comment. Simply relying on % difference does not take into account materiality or the relative impact of this – Being 10% different in relation to AWPU could potentially make a difference of £500,000+ to an individual school (10% of KS4 AWPU @ 21/22 value of circe £5k). In Northumberland we have elected previously not to use mobility, which using the modelling 2022/23 APT has a potentially impact of £50k at full value across the whole LA.

9. Do you agree that the additional flexibility for LAs in the EAL factor, relating to how many years a pupil has been in the school system, should be removed from 2023-24?

Yes – standardised criteria are generally preferable in context of NFF

10. Do you agree that the additional flexibilities relating to the sparsity factor should remain in place for 2023-24?

Yes No Unsure

(section 4.2) 11. Are there any comments you wish to make on the proposals we have made regarding ongoing central school services, including on whether in the future central school services funding could move to LGFS?

Please comment: **An LA has specific statutory responsibilities in respect of Education which need to be adequately funded and there is a concern that the CSSB could simply be “lost” as part of the general Local Government Finance Settlement (LGFS). This is particularly an issue in relation to the current CSSB ongoing responsibilities element.**

(section 4.2) 12. Do you agree with the proposal for a legacy grant to replace funding for unavoidable termination of employment and prudential borrowing costs?

Yes **No** Unsure

(section 4.5) 13. How strongly do you feel that we should further investigate the possibility of moving maintained schools to being funded on an academic year basis?

Strongly agree Agree Neither agree nor disagree Disagree **Strongly disagree**

(section 4.5) 14. Are there any advantages or drawbacks to moving maintained schools to being funded on an academic year basis that you feel we should be aware of?

Please comment: **It is believed that moving maintained schools to being funded on an academic year basis could cause problems when it comes to the consolidation of the LA financial accounts at the end of March. It would also extend the time lag between the data used and the point at which it becomes applicable.**

15. Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change. Before answering this question, please refer to Annex (C) of the consultation document.

Please comment:

16. Do you have any further comments on our move to complete the reforms to the National Funding Formula?

Please comment:

While not a factor within the NFF itself, the recent Government announcement on the increase in Employers National Insurance contributions to fund additional investment in the NHS and Social Care should not be to the detriment of our schools. Schools need to be compensated for the increase in NI contributions.

(NB It is estimated that the 1.25% in Employers NI costs could cost Northumberland Schools an additional £1.75 million per year)

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Agenda Item 8

Northumberland County Council

Schools Forum : 29 September 2021

National Funding Formula and School Funding Update

1. Purpose of Briefing Note

To provide an update in relation to the implementation of the National Funding Formula (NFF) and initial information published by the ESFA in relation to School Funding for 2022/23, included updated NFF values.

2. Recommendations

Schools Forum are recommended to :

- note the report; and
- anticipate a further report as part of formal school funding consultation with the Schools Forum at the 17 November 2021 meeting.

3. Background

Schools Forum has previously received reports outlining developments in relation to the National Funding Formula (NFF). Information from the Department for Education (DfE) has confirmed their intention to move to a National Funding Formula (previously known as the “Hard” Formula though the ESFA are now using the term “Direct” Formula) but there is no definitive information as to when this will be implemented. Once the NFF hard formula is fully implemented, local authorities will have no discretion in the values of the individual factors used to distribute funding to schools, as is the case now, within the overall framework provided by the ESFA Revenue Funding Guide and the associated Authority Proforma Tool (APT) used to calculate individual school budget shares.

There is a current consultation on the completion of the reforms to the National Funding Formula with a closing date of 30 September 2021. In the consultation paper, while re-affirming the intention to move to a hard formula, the Department for Education (DfE) acknowledges the disruption caused by the covid pandemic and the need for

“careful implementation and transition to avoid any unexpected disruption.” (P12)

Consequently, no firm fixed target date is proposed, but the DfE indicates a “measured” approach, moving LA local formula close to the NFF, but considering the impact of each step before making the next move. It should be noted that one of the proposals within the current consultation is to require LAs not in line with NFF Values to move a minimum of 10% per year closer from 2023/24. By that measure, the full implementation of the NFF could take up to 10 years.

At the 18 November 2020 meeting, for 2021/22 Schools Forum agreed a two-step approach towards the adoption of National Funding Formula figures. This meant that those values that were significantly over (Primary and KS4 Age Weighted Pupil Unit (AWPU)) or under (Primary Low Prior Attainment) National Funding Formula Values would have this gap closed in two equal steps. It was felt that this approach would provide a substantial increase to those schools in receipt of Primary Low Prior Attainment while offering a degree of protection to schools who currently benefit from receiving AWPU

rates more than NFF figures. Importantly overall this was felt to be consistent with the established Schools Forum view of progressing towards NFF in a gradual and smooth transition.

It should be remembered that most formula values are now in line with NFF values. While there remain differences at AWPU, FSM and Primary Low Prior Attainment, there is now an agreed strategy for managing that transition.

4. New Information

The provisional 2022-23 Dedicated Schools Grant figures were published in late July. It was stated by the DfE that:

- School funding is increasing by 3.2% overall, and by 2.8% per pupil, compared with 2021 to 2022, with the funding floor allocating at least 2% more in pupil-led funding per pupil, and a 2% increase in minimum per pupil funding levels directing further increases to the lowest funded schools;
- We have also further increased total funding through the sparsity factor from £42m to £95m in 2022 to 2023;
- High needs funding is increasing by £780m, or 9.6%, in 2022 to 2023. This brings the total high needs budget to £8.9bn. The high needs NFF will ensure that every local authority receives at least an 8% increase per head of population.

In practice the impact on the National Funding Formula values is as follows :

- 3% added to basic entitlement (AWPU), FSM6, IDACI, LPA, EAL and the Lump Sum;
- 2% increase has been applied to FSM, and Minimum Per Pupil Funding (MPPF) levels.

The rise in the MPPF figures is shown below:

Phase	2020/21 MPPF Level	2021/22 MPPF Level	Increase	2022/23 MFP Level	Increase
Primary	£3,750	£4,180	£250 (6.67%) + £180 [4.8% for TPPG]	£4,265	£80 (2.0%)
Secondary	£5,000	£5,415	£150 (3.0%) + £265 [5.3% for TPPG]	£5,525 #	£110 (2.0%)

KS3 only and KS4 only Schools have their own minimum level of £5,321 and £5,831 respectively

The announcement was accompanied by indicative figures at a LA level using the previous October 2020 data. Final allocations will of course be based on October 2021 School Census data, and published in late December.

Appendix A shows the ESFA NFF values for 2022/23, plus the estimated spending attributed to those values nationally. Appendix B provides a comparison of the movement in NFF Values from 2021/22 to 2022/23 plus an indication of the potential impact of this for Northumberland.

5. High Needs

High Needs funding is reported to receive a £760 million increase nationally. This amounts to a 9.6% increase compared to 2021/22 Each local authority would receive a minimum increase of 8% per head based on population aged between 2 and 18.

Based on our 2021/22 allocation, after deductions, this increase could be worth a further £3.069 million in 2022/23.

6. Central Schools Services Block

There is a reduction in both the ongoing responsibilities (2.5%) and historic commitment (20.0%) elements of this block. The reduction in the historic commitment element has previously been highlighted and the base figure for this was higher as a result of our representations last year. The

reduction in the ongoing commitments element was not anticipated and will result in a budget pressure to the Council. We will continue to engage with the ESFA in relation to this block.

	2021/22	2022/23	Change	
	(actual)	(provisional)	£	%
Ongoing Responsibilities	£1,452,343	£1,416,034	-£36,309	-2.5%
Historic Commitments	£1,305,000	£1,044,000	-£261,000	-20.0%
TOTAL CSSB	£ 2,732,756	£ 2,460,034	-£272,722	-10.2%

6. National Funding Formula Consultation : “Fairer Funding for All”

A draft response to the ESFA in relation to their current NFF consultation is elsewhere on the agenda. As Northumberland has moved closer to the NFF Values there are little implications for Northumberland in the adoption of these, though there are other aspect which warrant further analysis and discussion. These are part of a separate agenda item.

7. Timetable

The provisional timetable for the process, spelling out both the LA and DfE’s responsibilities is attached at Appendix C. A further meeting of the Funding Formula Committee has been organised for 03 November 2021. Further information will be provided to November’s School Forum meeting, at which formal consultation will take place, followed by a period of consultation with Schools before Christmas.

Bruce Parvin
Education and Skills Business Manager
21 September 2021

ESFA Factor values and total spend in 2022-23

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

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

COMPARISON OF FINAL 2021-21 AND POTENTIAL 2022-23 FORMULA VALUES FOR NFF AND NORTHUMBERLAND

Factor (all figures £)	NFF Values (As published July 2020) 2021/22	Final NCC Values 2021/22	2022-23 NFF Values (As published July 2021)	Potential NCC Values 22-23	Change in NFF Values 21/22 to 22/23 %	Change in NCC Values 21/22 to 22/23 %
AWPU Primary	3,123	3,154	3,217	3,217	3.01%	2.00%
KS3	4,404	4,404	4,536	4,536	3.00%	3.00%
KS4	4,963	5,064	5,112	5,112	3.00%	0.95%
Lump Sum Primary	117,800	117,800	121,300	121,300	2.97%	2.97%
Middle	117,800	117,800	121,300	121,300	2.97%	2.97%
High/Secondary	117,800	117,800	121,300	121,300	2.97%	2.97%
Deprivation - Free School Meals Primary	460	570	470	570	2.17%	0.00%
Secondary	460	570	470	570	2.17%	0.00%
Deprivation – FSM6 Primary	575	575	590	590	2.61%	2.61%
Secondary	840	840	865	865	2.98%	2.98%
Deprivation – IDACI:						
Primary Band F	215	215	220	220	2.33%	2.33%
Band E	260	260	270	270	3.85%	3.85%
Band D	410	410	420	420	2.44%	2.44%
Band C	445	445	460	460	3.37%	3.37%
Band B	475	475	490	490	3.16%	3.16%
Band A	620	620	640	640	3.23%	3.23%
Secondary Band F	310	310	320	320	3.23%	3.23%
Band E	415	415	425	425	2.41%	2.41%
Band D	580	580	595	595	2.59%	2.59%
Band C	630	630	650	650	3.17%	3.17%
Band B	680	680	700	700	2.94%	2.94%
Band A	865	865	890	890	2.89%	2.89%
Low Attainment Primary	1,095	840	1,130	1,130	3.20%	34.52%
Secondary	1,660	1,660	1,710	1,710	3.01%	3.01%
EAL Primary	550	550	565	565	2.73%	2.73%
Secondary	1,485	1,485	1,530	1,530	3.03%	3.03%
Sparsity (max): Primary	45,000	45,000	55,000	55,000	22.22%	22.22%
Middle	70,000	70,000	80,000	80,000	14.29%	14.29%
Secondary/All Through	70,000	70,000	80,000	80,000	14.29%	14.29%
Totals Adjusted by Capping and Scaling rates:						
Capping		4.65%				
Scaling		50%				
Minimum Funding Guarantee level		2%				
Primary Minimum Per Pupil Funding	4180		4265		2.03%	
Secondary Minimum Per Pupil Funding	5415		5525		2.03%	

Local authority activity

7 October 2021

- School census day

11 October 2021

- Deadline for submitting disapplication requests (for response by December) for:
- MFG exclusions
- exceptional circumstances
- sparsity factors
- lump sum variations for amalgamating schools
- pupil number reductions

Mid-November 2021

- Closing date for submission of the 2022 to 2023 high needs place change workbooks

19 November 2021

Deadline for submitting disapplication requests (for response by the APT deadline) for:

- MFG exclusions
- exceptional circumstances
- sparsity factors
- lump sum variations for amalgamating schools
- pupil number reductions
- Deadline for submitting disapplication requests if the local authority wishes to move more than 0.5% of the schools block
- A request must also be submitted if the schools forum has turned down a proposal from the local authority to move funding out of the schools block, but the local authority wishes to proceed with the transfer—the department aims to issue decisions before the APT deadline

November 2021

- School census database closed
- Check and validate school census

Mid-January 2022

- Schools forum consultation and political approval required for final 2022 to 2023 funding formula
- 16 January schools block disapplication submission amendment date

21 January 2022

- Deadline for submission of final 2022 to 2023 APT to ESFA

28 February 2022

- Deadline for confirmation of schools budget shares to mainstream maintained schools

DfE or ESFA activity

July to September 2021

- NFF arrangements for 2022 to 2023 for schools, central school services and high needs published (illustrative allocations, PUFs, SUFs, policy document, technical notes)
- Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2022 to 2023
- High needs funding operational guide for 2022 to 2023 published
- Further information to illustrate 2022 to 2023 growth funding allocations has been provided to local authorities

October to November 2021

- Publish 2022 to 2023 high needs place change notification: technical note.
- Check and validate school census
- We have issued an early modelling version of the APT to help decision making

December 2021

- Final APT issued to local authorities, containing October 2021 census-based pupil data and factors
- Publication of 2022 to 2023 DSG schools block (prior to academies recoupment), central school services block, initial early years block allocations and updated high needs block allocations for 2022 to 2023

By 31 March 2022

- Confirmation of 2022 to 2023 general annual grant for academies open by 9 January 2022
- 2022 to 2023 allocation statements issued to post-16 institutions, academies, and non-maintained special schools
- Publication of 2022 to 2023 high needs place numbers at institution level

April 2022

- First DSG payments to local authorities based on 2022 to 2023 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments

Summer 2022

- Early years block updated for January 2022 early years pupil numbers

Summer 2023

- Early years block updated for January 2023 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2021 to March 2022)

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Northumberland County Council

SCHOOLS' FORUM

Agenda Item 9

29 September 2021

2021-2022 Work Programme and Meeting Dates

Wednesday 29 September 2021: 9.30- 12.00 (Virtual Meeting)

National Funding Formula Update
Schools Capital Update

Wednesday 17 November 2021 9.30-12.00 (Virtual Meeting)

NFF - Formula Funding – Formal Consultation
SEN Update

Wednesday 19 January 2022: 9.30-12.00 (Virtual Meeting)

Finalisation of the Formula and the Schools Block for 2021/22
De-delegation decisions for 2021/22

Wednesday 16 February 2022: 9.30-12.00 (Virtual Meeting)

Setting the DSG budget for 2021/22

Wednesday 06 July 2022: 9.30-12.00 (Virtual Meeting)

Review of Schools Forum Membership
DSG Provisional Outturn
Scheme for Financing Schools

Date for Formula Funding Committee – Chair – Vacant

Wednesday 15 September 2021

Wednesday 03 November 2021

Date for High Needs Committee: Chair – Graham Wilkins

Wednesday 06 October 2021 (*cancelled*)

Wednesday 01 December 2021 (*provisional*)

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