

Agenda Schools Forum

**Monday, 27 September 2021 at 2.30 pm
in the Council Chamber, Sandwell Council House, Oldbury**

This agenda gives notice of items to be considered in private as required by Regulations 5 (4) and (5) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

1 Apologies for Absence

2 Declarations of Interest

Members to declare any interests in matters to be discussed at the meeting.

3 Minutes

7 - 26

To confirm the minutes of the meeting held on 14 June 2021 as a correct record.

4 Appointment of Chair & Vice Chair (AT)

Forum members to elect a Chair and Vice-Chair.

5 Fair school funding for all: Completing our reforms to the National Funding Formula - Government Consultation (RK)

27 - 92

Forum members to note the reprot.



- 6 **Appointment/Confirmation of LA formula working group. (SL)**
- Forum members to receive a verbal update.
- 7 **Schools and High Needs Operational Guidance 2022/2023 (RK)** 93 - 100
- Forum members to note the contents of the report based on the “Schools revenue funding 2022/23 - Operational guide” and “The High Needs Funding 2022/23 operational Guide.
- 8 **High Needs Block Budget Monitoring – P5 2021/22 (JG)** 101 - 108
- Forum members to note the contents of the report and data provided.
- 9 **Independent Schools Report (JG)** 109 - 116
- 10 **Alternative Provision Report (JG)** 117 - 122
- 11 **AOB**
- Dates of future meetings.
Venue to be confirmed:
- 8 November 2021
13 December 2021
17 January 2022
14 March 2022
20 June 2022

Kim Bromley-Derry CBE DL
Interim Chief Executive
Sandwell Council House
Freeth Street
Oldbury
West Midlands

Distribution

Head Teachers Advisory Forum – Maintained Primary Schools (5)

Ms S Baker, Mr J Barry, Ms W Lawrence, Mr G Linford, Vacancy,

School Governors – Maintained Primary Schools (3)

2 X Vacancy, Ms L Howard

Head Teachers Advisory Forum – Maintained Secondary Schools (1)

Ms J Gray

School Governors – Maintained Secondary Schools (2)

2 X Vacancy

Academies (4)

Ms L Bray, Mr D Irish, Mr M Arnull, Mr J Topham

Head Teachers Advisory Forum – Special School (1)

Mr N Toplass

Trade Union (1)

Mr. D Barton

Early Years Partnership (1)

M E Pate

14-19 Provider (1)

Ms J Bailey

Pupil Referral Unit (1)

Ms K Berdesha (Substitute Ms K Hazelwood)

Contact: democratic_services@sandwell.gov.uk

Breakdown on who can vote and on what:

Primary Block

Head Teachers Advisory Forum – Maintained Primary Schools (5)

School Governors – Maintained Primary Schools (3)

Can vote on all business except secondary school de-delegation.

Secondary Block

Head Teachers Advisory Forum – Maintained Secondary Schools (1)

School Governors – Maintained Secondary Schools (2)

Can vote on all business except primary school de-delegation.

Academies (4)

Head Teachers Advisory Forum – Special School (1)

Pupil Referral Unit (1)

Early Years Partnership (1)

Can vote on all business except primary and secondary school de-delegation.

Trade Union (1)

14-19 Provider (1)

Can vote on all business except primary and secondary school de-delegation and school funding formula.

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Minutes of Schools Forum

Monday 14 June 2021 at 2.30pm
Virtual online meeting via MS Teams

Present:

D. Irish (Chair)
M Arnall, S Baker, J Barry, D Barton, W Lawrence, G Linford, K Morgan, E Pate, J Smallman, P Shone, N Toplass and J Topham

Officers: S Lilley, R Kerr, A Timmins, N Phagura, M Tallents, J Gill, S Suthi-Nagra and C Robinson.

18/21 Apologies:

Apologies were received from J. Bailey and L Howard

19/21 Declarations of Interest

There were no declarations of interest

20/21 Minutes

Agreed that the minutes of the meeting held on 8 March 2021 were a correct record



Future Insurance Options for Sandwell Maintained Schools

Schools Forum were advised on the two possible future insurance options available for maintained schools. Option one; the Department for Education's (DfE) 'Risk Protection Arrangement (RPA)', and option two; the offer from the local authority for comparative insurance cover and insurance services.

The tender process had come about following Cabinet approval on 17 March 2021 for the council to conduct a tender exercise and to secure appropriate insurances and enter into new long-term agreement for the period from 1 October 2021.

There were only two options put before Schools Forum: Option One which would see all schools joining the RPA scheme and: Option Two where all schools remain within the council's programme of insurance, with schools being charged a fixed premium per pupil (or per place in the case of special schools and pupil referral units).

The breakdown of the two options was presented to the Forum:

Insurance	Council		RPA	
	Cover	Excess	Cover	Excess
Property/ Material Damage (as per specified peril)/	✓	See Note 1	✓	See Note 2
Contents (as per specified perils)	✓	See Note 1	✓	See Note 2
Terrorism	✓	See Note 1	✓	See Note 2
Business interruption	✓	See Note 1	✓	See Note 2
Works in progress/ CAR	✓ - £5m	See Note 1	✓ - £250k	See Note 2
Elections	✓	£0	✗	
Money	✓	See Note 1	✓	See Note 2
Fidelity Guarantee/ employee dishonesty	✓	See Note 1	✓	See Note 2
Computers	✓	See Note 1	✓	See Note 2



Public Liability	✓	£0	✓	£0
Employer's Liability	✓	£0	✓	£0
Hirer's Liability	✓	£0	✓	£0
Motor / minibuses	(*)	See Note 3	✗	n/a
Engineering Inspection	✓	See Note 1	✗	n/a
Personal Accident	✓	£0	✓	£0
School Journey	✓	£0	✓	£0
PRICE PER PUPIL PER YEAR		£24		£19

1. Note 1 – Excess of £500 applies to primary schools and £1,000 to secondary schools during the period of the LTA
2. Note 2 - Excess of £250 applies to primary schools and £500 to secondary schools
3. Note 3 (*) Minibus cover is available at an additional charge of £850 per vehicle per year with a £250 excess in the event of a claim.

Forum was informed on the scope, terms and costs of covers provided by the RPA, it was noted that in most areas the offer from the RPA was at least equal to the Council's corporate insurance under option two in nearly all areas – however the key exceptions to this had been identified as:

- Motor / minibus insurance was not offered/ covered by RPA but was available under option 2 and is offered at the existing rate of £850 per vehicle per year;
- Contract Works cover was limited to £250,000 (compared to £5m cover provided under the council insurance provision). If work exceeding the RPA limit is planned, then additional cover would need to be arranged.
- Statutory inspection (known as engineering inspection) of lifts, boilers, etc was not provided by the RPA. However, this was included under the council cover.
- Employee dishonesty was limited to £500,000 under the RPA whereas under the council option it was £15m.
- Cover for money (and money in transit) was limited to £5,000 under the RPA, whereas the council cover has a limit of £10,000 during the business day but £2,500 in transit.
- The RPA has an unlimited indemnity for public and employer's liability whereas the council option under the current arrangement had a limit of £50m.



- The costs of schools' insurance under either option would provide certainty and enable improved budgeting.

If schools went with the RPA scheme, it was noted that any claims would need to be handled directly by the school and the RPA claims handling service. Should the council's insurance team be required to get involved in the claim to support the process, then it was envisaged that the school would be charged a minimum of £1,000 per claim, which would depend upon the complexity of the claim and resource required.

The details of the two schemes had been shared with the Joint Executive Group on 11 March 2021, where members of the Group all indicated a preference for Option two. The Joint Executive Group noted that the significant benefits that schools derived from the support provided by the council's Risk and Insurance service across the entire programme of insurance and processes involved.

The rate the council had considered its programme was £24 per pupil, this was compared to £19 per pupil for the RPA scheme. The Council offer for maintained schools provided the full range of insurance cover as offered by the RPA. The rate of RAP was slightly less than that of the local authority offer, the RPA offer also did not include engineering inspection cover within the price (which the Council does).

The local authority offer also provided schools with the benefit of a local named response / support for managing insurance activity and claims on behalf of the school.

Following questions from members it was noted that:

In response to questions from Forum members it was noted:

- The cost of both options reflected the combination of the maintained schools as a collective group, reflecting economies of scale. The options were being presented as one or the other, if the schools decided to split and choose different options it was highly likely that they would face higher costs.
- It was recognised that the costings across both options, being the same across all schools would be mean those schools who



happen to be smaller would be paying the same rate as those larger schools.

- The RPA scheme would mean schools would need to find engineering insurance in addition to the RPA cover.
- With the RPA Scheme there would likely be an increase in administration for both the school and the local authority.
- With the RPA cover schools would need to ensure their assets are valued correctly before joining the scheme.
- The commitment on the council scheme would be three years.
- The options had been taken to Joint Executive Group – where the Council Option had been selected as the preferred option unanimously.

It was recommended that maintained schools of the Schools Forum note the options available for insurance and vote on its preferred option.

Vote

Option One

For Against Abstain

Option Two

For Against Abstain
5

Agreed that maintained schools selected option two and would continue to receive comparative insurance cover and insurance services through the local authority.

22/21 School Balances 2020/21 and Budget Plans 2021/22

Schools Forum received a report in respect of the School Balances 2020/21 and Budget Plans 2021/22



The Forum was presented with the figures as were at the end of 2019/20 and how they look at the end of 2020/21.

The budget share had increased from £21.886m to £30.323m with an increase of £8.437m. The increase was reported as being a result of the Covid funding being received by schools over the year and not having the opportunity to spend before the close of the financial year in 2021.

Concerns had been raised by schools on the amount of money being taken forward into 2021/22, however schools had been reassured by the local authority that money would not be clawed back. The amounts accrued it was expected would be directed towards getting pupils back up to the levels expected following the effects of the pandemic.

Taking into account capital and other funds the total closing balance was reported as £31.709m.

	2019-20 £m	In Year Movement £m	2020-21 £m
Budget Share	21.886	8.437	30.323
Capital	0.844	(0.140)	0.704
Other Funds	0.593	0.089	0.682
Total	23.323	8.386	31.709

It was reported that no schools closed with a deficit balance. It was also noted that over the course of the financial year four schools had converted into an academy.

The projected Budget Plans for 2021/22 had been broken down and RAG rated.

Forum were advised on the number of schools in each RAG category. Thirty-four primary schools were projected to hold balances above 10% and five primary schools are projected to hold balances fewer than 1%.

There was one secondary school projected to hold balances above 8% and one seconder school projected to hold a balance less than 1%



There is one Special School projected to hold a balance above 10% and no Special school projected to hold a balance less than 1%.

There is one school projected to hold a deficit in 2021/22 financial year, work it was noted had already begun to ensure the financial position of the school going forward.

	Primary/Special	Secondary
Red	Less than 1% or greater than 10% balance	Less than 1% or greater than 8% balance
Amber	1%-2% OR 8%-10% balance	1%-2% OR 5%-8% balance
Green	2%-8% balance	2%-5% balance

In response to questions from Forum members it was noted:

- That the figures shown refer to the financial year and not the academic year, it was also recognised that schools may not yet have had the opportunity to spend money received from Covid relief, which would be spent during the summer term and in the new academic year.
- The uncommitted cumulative balances are not known in detail what they are reserved for and would only become apparent on greater engagement with the school.
- Within Appendix 1 the breakdown of the Community Funds refers to money being held for purposes such as nurseries, teaching schools or school hubs.
- The PRU Primrose was noted in the school balances budget plans 2021/22 as possessing 388.84% this was a mistake and the correct figure was 12.77%.
- That the colour designating those schools who have both exceeded and falling short with regards to their budget plans being red be changed so to differentiate them from one another.
- Entering into conversations with DfE in the future about funding – carrying and known to be carrying a substantial amount which



has only increased during the pandemic will need to be taken into account.

Schools Forum noted the report.

23/21 Early Years Block Outturn 2020/21 (RK)

The Forum was presented with the figures of the Early Years Block Outturn 2020/21.

The Early Years Block allocation for 2020/21 was reported as £24.540m. The actual grant allocation income received was £24.648m because of an early adjustment; the net effect of which was £0.108m.

The below table presented to Forum set out the actual expenditure incurred during 2020/21:

Table 1 – Early Years Block

Service Area	Budget 2020/21 £,000	Actual Expenditure £,000	Variance £,000
Early Learning 2-year olds	4,227	4,227	0
Early Years - PVI	10,583	11,379	796
Early Years - Schools	8,012	8,006	(7)
EY – Pupil Premium	281	208	(73)
SEN Inclusion Fund	480	480	0
Disability Access Fund	81	10	(71)
Central Services	995	995	0
Total	24,659	25,305	646



Forum noted that the 2020/2021 final DSG early years funding adjustments that would normally be announced in July, would now be delayed due to the new approach taken by the DfE. In this instance local authorities would access the top-up financial support that has been put in place during the 2021 spring term, up to a capped level of 85% of January 2020.

It was now understood that the final early years funding adjustment would now be published in November alongside the normal planned schedule to DSG update. The DfE had stated that they will endeavour to notify individual local authorities of their final allocation adjustments in September.

In response to questions from Forum members it was noted:

- That a trend had developed which had seen an underspend last year followed by an overspend this year. A reason for the movement was in part down to the in-year adjustment that had been received, the timing for the information was also being moved from July to September.
- The authority seeks to pay out on rates agreed for that financial year – at the end of the financial year the authority would look at the balances and after bringing the report to School Forum will look to pay those balances to the providers.

School Forum noted the report.

24/21 Central Schools Service Block, centrally retained & De – delegated Budgets Outturn 2020/21

Members of Forum were informed on the actual expenditure incurred for the Central School Services Block, which was centrally retained and the de-delegated budgets in financial year 2020/21.

The below table set out in detail the actual expenditure incurred during financial year 2020/21 regarding the use of the Central School Services Block and the de-delegated budgets.



Service Area	Budget 2020/21 £,000	Actual Expenditure £,000	Variance £,000
School Forum	3	0	(3)
Pension Administration	228	228	0
Stat/Regulatory/ Education Welfare/Asset Mgt	1,070	1,113	43
Admissions & Appeals	453	453	0
Copyright Licenses*	266	266	0
Total	2,020	2,060	40

*Copyright Licenses costs are paid for directly by the DfE and the DSG grant allocation paid to the authority is adjusted accordingly.

The Pupil number growth allocation previously agreed by Schools Forum was £2.269m. The DfE made an adjustment for pupil number growth funding paid to academies for the period April to August of the previous financial year. The academies adjustment for 2020/21 was £0.551m giving total funding available of £2.820m.

Table 2 – Pupil Number Growth Funding

Service Area/budget Description	Budget 2020/21 £,000	Actual Expenditure £,000	Variance _ £,000
Pupil number growth	2,820	2,137	(683)

De-delegated Budgets

Table 3 – De-delegated Budgets

The De-delegated budgets had been set out across service areas, and detailed below:



Service Area	Budget 2020/21 £,000	Actual Expenditure £,000	Variance _ £,000
Health & Safety Licenses	27	44	17
Evolve Annual License	6	6	0
Union Facilities Time	196	193	(3)
School Improvement	100	100	0
Schools in financial difficulty	243	206	(37)
Total	572	549	(23)

Forum noted the Central Schools Service Block, centrally retained & De – delegated Budgets Outturn 2020/21 and were advised that a further report would be taken to the School Forum meeting on 27th September 2021 which would set out the impact of the de-delegated budget expenditure with recommendations on the use of any carry forwards.

Schools Forum noted the report

25/21

SPECIAL EDUCATIONAL NEEDS HIGH NEEDS BLOCK 2020/21 OUTTURN and SPECIAL PROVISION OCCUPANCY

Forum was provided with the High Needs Block (HNB) 2020/21 outturn position.

The Final HNB Grant settlement for 2020/21 was £48.131m after deductions for academies recoupment and direct funding of high needs places by Education Skills and Funding Agency.



The carry forward balance on the HNB as at 31 March 2020 was reported at a £0.561m deficit.

A breakdown of the HNB budget of £48.131m; outturn as at 31 March 2021 of £46.973m and the in-year underspend of £1.158m was set out in detail:

Budget Heading	Budget 2020/21 £000	Actual Outturn 31/3/21 £000	Variance from Budget £000
1) Out of Borough Placements	4,929	5,916	987
2) Pupil Top Up and Place Funding	28,957	29,370	413
3) Post 16 Colleges	2,323	2,653	330
4) Hospital PRU	1,073	1,173	100
5) SEN Support Services	1,412	1,276	(136)
6) Support for Inclusion	4,574	3,803	(771)
7) Alternative Provision	1,911	1,111	(800)
8) SEN Developments	1,123	217	(906)
9) Other SEN Funding	1,677	1,378	(299)
10) Exclusions & Reintegration	152	76	(76)
TOTAL	48,131	46,973	(1,158)

Forum was advised on the nature of the variances: Out of Borough Placements – was reported as combination of an increase in the number of pupils placed out of the borough into independent



settings and a reduction in pupils placed in other local authority maintained and academy schools.

The Pupil Top up and place funding - The overspend related to maintained schools and academy mainstream provision, Focus Provisions and Special Schools combined, showing an overspend following new in year admissions, new assessments and an 33% increase in the number of pupils staying on into post 16 placements in mainstream and special schools.

With regards to Alternative Provision the underspend was as a result of the Alternative Provision Panel's controlling the number of pupils allocated alternative provision places and had been instrumental in reducing the expenditure throughout the financial year.

It was noted that the net carried forward balances for 2020/21 was £0.597m surplus after accounting for the £0.561m deficit from 2019/20.

SEN Advisor announced the creation of a Task and Finish Group which would examine the consultation proposals coming out of the SEND review and requested four members of the Forum to join the Group. There would be two meetings prior to the end of term and two meetings at the start of the new academic year. The Group would be a Sub Committee of Schools Forum.

The members were requested from a: Special School, an AP PRU and a Mainstream Primary and Secondary.

Forum members: Neil Toplass (Special School), Kevin Morgan (AP PRU), Wendy Lawrence and Jamie Barry (Mainstream Primary) put their names forward.

In response to questions from Forum members it was noted:

- That a detailed breakdown of needs would be brought to the next circulated and Forum.
- The AP responsibilities had changed and a lot of pupils who may have once come through the AP Panel are now receiving support via their school, staying on roll and the receiving support. The new approach was aiming to ensure everyone was



taking responsibility for the children and placing them appropriately.

- Schools can now fund AP independently of the High Needs Block, if a pupil requires additional support they would be able to go through the AP Panel.
- Number of pupils who are engaging with AP and going through the AP Panel will be communicated.

Schools Forum noted the Report

26/21 SPECIAL EDUCATIONAL NEEDS HIGH NEEDS BLOCK 2021/22 BUDGET

Schools Forum noted the Special Educational Needs High Needs Block 2021/22 Budget Report. The High Needs Block provisional Grant was reported as £53.666 million.

The allocation of the Grant was specified as:

Budget Heading	Budget 2021/22 £000	%
1) Independent Schools	5,102	9.5
2) Other LA maintained and Academy mainstream and Special Schools	1,518	2.8
3) Pupil Funding delegated to Schools and PRUS and Post 16	35,709	66.5
4) Hospital PRU	1,298	2.4
5) SEN Support Services	1,420	2.7
6) Support for Inclusion	4,642	8.7
7) Alternative Provision	843	1.6



8) SEN Developments	1,250	2.3
9) Other SEN Funding	1,731	3.2
10) Exclusions & Reintegration	152	0.3
Total HNB Grant 2021/22	53,666	

Forum was informed that within the SEN Developments there was an estimated surplus of £440K and within the Support for inclusion line there was a budget of £199K for Preventing Secondary Exclusions staffing that would not be utilised. This would be removed from the budgeted figures next financial year.

The High Needs Block had funded 1158 Whole Time Equivalent Specialist Places in Sandwell Provisions across Special Schools, Mainstream Focus Provisions and PRUs. The places commissioned for the financial year 2021/22 were reported to Forum and demonstrated in the tables below.

SPECIAL SCHOOLS	Places
The Orchard	147
The Meadows	185
The Westminster School	226
Shenstone Lodge and Brades	95
High Point from 1/9/21 WTE	22
Westminster SPI from 1/9/21 WTE	7
Additional places budgeted for in year across all Special Schools for potential over occupancy from 1/9/21 WTE	15
Additional Expansion at the Meadows school from 1/9/21WTE	11
TOTAL	708



FOCUS PROVISIONS

Primary Schools	ASD	61
	PD	12
	MLD	10
	HI	12
	SEMH	25
	SLCN	5
Primary Total		125

Secondary Schools	ASD	45
	PD	20
	HI	5
Secondary Total		70
TOTAL FOCUS PROVISION PLACES		195

PRUs	
Primrose PRU (Primary)	25
Sandwell Community School (Secondary)	180
Albright	50
TOTAL PRU PLACES	255

In response to questions from Forum members it was noted:

- The High Point planned place element would be 38 programmed in, the 22 is the WTE.
- The figures reflect the severe and complex needs of some students who cannot be placed within Sandwell, due to a lack of



specialist provision within the Sandwell or they are being educated and looked after in another location nationally.

- The additional places budgeted for exist in case capacity is reached within the special schools, the number was reached through consideration as what might be required and based on commission prices.
- Comparing with other local authorities across the Black Country to examine any trends or specific issues relating to Sandwell would be examined and communicated.

Schools Forum noted the report

27/21 School Forum Membership - 2021/22 (RK)

Due to the pandemic those members of Schools Forum who had been first appointed in 2016 had had their membership of the Forum extended for a year, the extension period would expire on 30 June, and subsequently new members of Schools Forum would be required to be appointed for the next Forum in September.

Those members whose term had expired where noted as:

Representative Body	Name	Date of Appointment
Maintained Primary School member - Governor	Mr B Patel	01/06/2016
Maintained Primary School member - Governor	Mr J Smallman	01/06/2016
Maintained Secondary School Member - Headteacher	Mr P Shone	01/06/2016
Maintained Secondary School member - Governor	Ms C Gallant	01/06/2016
Special School Member	Mr N Toplass	01/06/2016



Trade Union Member	Mr D Barton	01/06/2016
Pupil Referral Unit	Mr K Morgan	03/03/2017

The new members would join the Forum in the new academic year, the processes for the selection of each member was emphasised and understood by the group.

It was agreed that those nominated would be forwarded to Debbie Campbell, who would then ensure they were communicated to the necessary officers.

28/21 School Forum Forward Plan - 2021/22 (RK)

Schools Forum noted the proposed future dates and agenda items of the 2021/22 meetings:

27 September 2021
8 November 2021
13 December 2021
17 January 2022
14 March 2022
20 June 2022

29/21 AOB

Permanent Provision for Schools Forum to be Held Remotely

Members of Forum were notified of the change in the regulations that would permit Schools Forum to continue as a virtual online meeting indefinitely.

While the advantages of the virtual online meeting was appreciated by Forum it was emphasised by a number of members that a face-to-face meeting would be preferable at least occasionally in order to facilitate those individuals who wished to observe, but also to introduce new members to the role and to increase the depth of discussion across the agenda.



It was agreed that once a new Chair was selected the preference for the virtual or in person meeting would be communicated to Forum.

The Next Meeting of Schools Forum: 27 September 2021 @ 2.30pm
Location: TBC

Meeting ended at 15.29

Contact: democratic_services@sandwell.gov.uk



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Agenda Item 5

Schools Forum

27th September 2021

Fair school funding for all: Completing our reforms to the National Funding Formula – Government Consultation

This report is for information

1. Recommendations:

That Schools Forum members:

- 1.1 Note the contents of the report.

2. Purpose

- 2.1 To provide school forum with an overview of the government consultation on “Fair school funding for all: Completing our reforms to the National Funding Formula – Government Consultation”

3. Report Details

- 3.1 On the 8th July 2021; the government issued their consultation document “Fair school funding for all: Completing our reforms to the National Funding Formula.
- 3.2 The consultation is for local authorities, schools and academy trusts and any other interested person/organisation.
- 3.3 The deadline for consultation responses is 30th September 2021; with the expectation that the results and the government’s response will be published in autumn 2021.
- 3.4 The government plan to publish a second stage consultation with more detailed proposals following feedback to this first stage consultation.

- 3.5 The government's long term goal is for the National Funding Formula (NFF) to be used in determining every school's funding allocation by the same national formula, and the role of local authorities be removed in calculating a local formulae.
- 3.6 This would tie in with the government ambition for all schools to be part of a multi-academy trust.
- 3.7 The Government want to move from a "soft" to a "hard" NFF. This means moving from the current position of calculating funding allocations in relation to each individual mainstream school, based on its particular characteristics, (Pupil led and school led). These individual school-level allocations are then aggregated for each local authority (LA). The LA from it aggregated total, then determines individual schools final funding allocations through a local formula.
- 3.8 A "hard" NFF entails moving to a system where all individual schools funding allocations are set directly by the NFF without substantive local adjustment.
- 3.9 The government has stated in recognition of the impact of the pandemic, they do not propose at this point to set a fixed target date by which the hard NFF will be fully in place.
- 3.10 This consultation includes the following proposals:
- In Section 3.1 – Detail on the scope of the direct NFF; with the aim 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.
 - In Section 3.2 – Developing the Schools NFF to support the direct NFF. These are proposals for the premises factor within the NFF to introduce a methodology which is consistent and an assessment of current need rather than basing it on previous years local spend. This section also looks at changing the approach to funding schools experiencing significant growth in pupil numbers.
 - In Section 3.4 – How the government can achieve a smooth transition for schools to a direct NFF. The government are proposing a greater strategic role for trusts, at the same time

supporting LA's to deliver their remaining statutory responsibilities and services.

- Section 4.1 – the government want to reform the approach to funding for central school services delivered by LA's
- Section 4.3 – The government set out as they view it, of moving to a hard NFF has for SEND provision in mainstream schools. The government also intend to consult further, following the publication of the SEND Review outcomes.
- Section 4.4 – Sets out the proposals for how the role of the schools forum will change when moving to a hard NFF.
- Section 4.5 – This is a question on the value of moving to a consistent funding year for maintained schools and academies. Maintained schools are funded on a financial year basis whereas academies on an academic year basis.

3.11 This consultation does not cover the choice of factors or the values assigned to those factors within the national funding formula. These will be reviewed on an annual basis and in the light of the outcomes of future Spending Reviews.

3.12 The government have stated they will consult separately, at a later date on changes to the funding arrangements for high needs, special schools and alternative provision, in light of the proposals in the SEND Review.

3.13 The consultation document is included in Appendix 1.

4. Recommendations

4.1 That Schools Forum

Note the contents of the report.

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Date: 20/09/2021

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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, appearing to read 'Nick Gibb', written in a cursive style.

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.

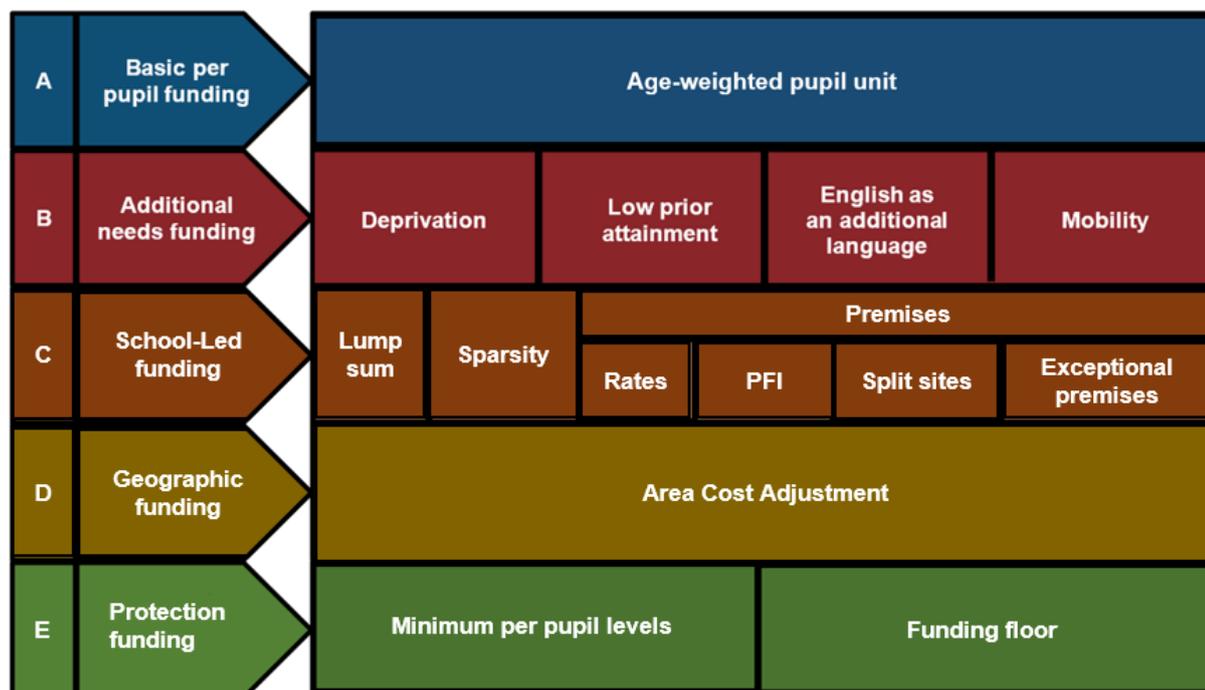
The introduction of the NFF means that funding is now being allocated between different local areas fairly, and by reference to need, rather than historic spending levels. As we set out at the time, the previous funding system meant that local areas with a higher proportion of pupils with additional 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 rents, 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.

At 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 15% 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?

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. 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.

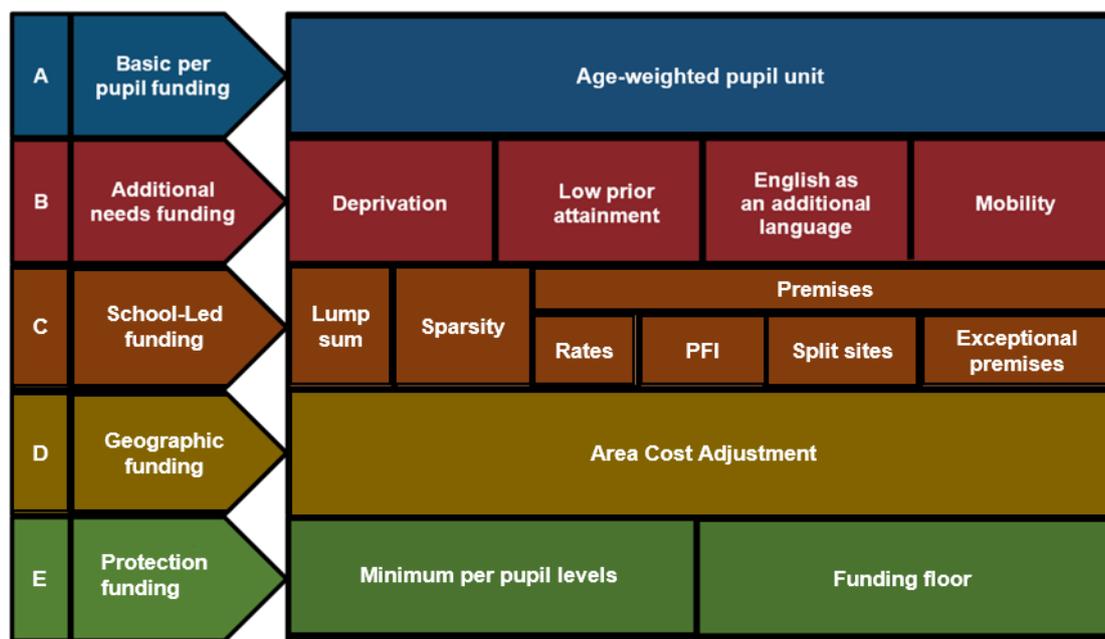
Overall design of the formula

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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Agenda Item 7

Schools Forum

27th September 2021

Schools and High Needs Operational Guidance for Financial year 2022/23

This report is for information

1. Recommendations:

That Schools Forum members:

- 1.1 note the contents of the report based on the “Schools revenue funding 2022/23 - Operational guide” and “The High Needs Funding 2022/23 operational Guide.

2. Purpose

- 2.1 To provide school forum with an overview on the “Schools Revenue Funding – Operational guidance” and “The and high needs funding 2022/23 policy document which allows the planning of the local schools funding formula for that year.
- 2.2 The Department for Education (DfE) have acknowledged the essential role that local authorities have played to support education as the country deals with the COVID-19 pandemic. The DfE have stated they have made limited changes to the funding arrangements in order to ensure that funding is delivered as smoothly as possible to schools.

3. Report Details

- 3.1 The DfE have published provisional National Funding Formula (NFF) allocations at local authority level for the schools, high needs and central schools services funding blocks for 2022/23. The DfE will use the NFF to calculate the blocks within the dedicated schools grant (DSG), which will be issued to authorities in December 2021.

Table 1: National Funding Formula - Summary

Block Description	2021/22	2022/23	Change
Pupil Numbers	54,669	55,511	842
	£m	£m	£m
Schools funding block (Exc Growth fund)	290.101	303.269	13.168
High Needs Block	55.526	60.639	5.113
Central School Service Block	2.079	2.264	0.185
Total Funding	347.706	366.172	18.466

3.2 The DfE intend to publish the early years national funding formula (EYNFF) operational guide for 2022/23 in the autumn and provisional allocations will be issued to authorities in December 2021.

3.3 The key changes to the schools NFF in 2021/22 are:

- NFF factor values have increased by:
 - £10,000 to the maximum sparsity values
 - 3% to basic entitlement, free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum
 - 2% to the floor, the minimum per pupil levels and free school meals (FSM);
 - 0% on the premises factors, except for PFI which has increased by RPIX.
- Data on pupils who have been eligible for FSM6 is now taken from the October 2020 school census instead of the January 2020 census, to make the factor more up to date and bring it in

line with arrangements for other NFF factors as well as the pupil premium.

- In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy for the 2020 tests, following the cancellation of assessment due to coronavirus (COVID-19).
- Pupils who joined a school between January 2020 and May 2020 attract funding for mobility based on their entry date, rather than the May school census. (The May 2020 census did not take place due to coronavirus (COVID-19)).
- Further to the consultation on changes to the payment process of schools business rates, schools business rates will be paid by ESFA to billing authorities directly on behalf of all state funded schools from 2022/2023 onwards.
- The department has confirmed the following aspects of the high needs NFF:
 - the funding floor is set at 8% so each local authority will see an increase of at least 8% per head of their 2 to 18 population (as estimated by the Office of National Statistics)
 - the gains cap is set at 11%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population.
- Following the consultation on changing the dedicated schools grant, the following requirements have been removed as they no longer need schools forum approval:
 - any deficit from the previous funding period that is being brought forward and is to be funded from the new financial year's schools budget.
 - any brought forward deficit on de-delegated services which is to be met by the overall schools budget.
 - In 2022/2023, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. In July 2021, the department published a consultation on proposals for completing reforms of the funding

system, whereby individual schools budgets would be set directly through one single national formula, rather than local funding formulae. This consultation proposes that, from 2023/2024, local authorities will be required to bring their own formulae closer to the schools NFF, to smooth the transition. These requirements do not apply in 2022/2023, but local authorities may choose to move their local formulae closer to the NFF in advance of these requirements.

3.4 Key features of local authority formulae arrangements in 2022/2023 are:

- TPG and TPECG are now fully rolled in to the NFF; no separate adjustments are needed in the local formulae, beyond what was already done in 2021/2022, to account for these grants in 2022/2023.
- The MPPLs will remain mandatory, at the new NFF values.
- Local authorities have the freedom to set the MFG in local formulae between +0.5% and +2% per pupil
- DSG Transfers - Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.
- A disapplication is required for transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if the minister agreed an amount in previous years.
- Following the cancellation of assessments in summer 2020 due to coronavirus (COVID-19), local authorities will use 2019 assessment data as a proxy in the low prior attainment factor in local funding formulae for the 2020 reception and year 6 cohort.

Rates

- This is an optional factor used by all local authorities. Rates will be paid by the ESFA directly to billing authorities on behalf of all maintained schools and academies from 2022 to 2023 onwards. Local authorities no longer need to fund rates at their estimate of the actual cost and will no longer allocate rates payments to schools. This is new for 2022/2023 (and a change from previous years).

- Therefore, local authorities also no longer need to adjust rates with additional allocations to schools during the financial year (outside of the funding formula).

School improvement

- 3.5 The DfE recently changed the terms of the school improvement monitoring and brokering grant so that it is used to support educational recovery priorities; and confirmed their plans to adjust the overall value of the grant from October 2021. The DfE state “This keeps school funding levels in line with those when the grant was first introduced, given the increasing number of schools for which local authorities are no longer responsible”. As set out in the government’s response to this consultation, the DfE are now ring-fencing and bringing the conditions of payment into force from the 1 July 2021. We will keep the performance of the grant and its future beyond March 2022 under continual review.

DSG Deficit Management

- 3.6 The department recognises that there may well be some local authorities which, despite their best efforts and the increased funding for the high needs block, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the department expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time. The department will need convincing evidence from the local authority that it would be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years. The department will discuss the evidence requirement with selected local authorities and has provided a template to assist all local authorities report their plans for managing the DSG.
- 3.7 The department approached selected local authorities to begin discussions with them during 2020 and reached five agreements. The department expects to expand the discussions to other local authorities during 2021/2022 and subsequent years.
- 3.8 The government response also acknowledged that local authorities could experience cash flow difficulties in financing in-year spending because of a DSG deficit. By this, the department means that the local authority has actual difficulty in accessing cash, not that it has incurred loss of interest because it has had to make use of the

cash. If a local authority can prove that it is facing such cash flow problems, specifically because of the DSG deficit, the department will consider providing funding which would then be subtracted from future years' DSG allocations.

Central School Services Block (CSSB)

- 3.9 The CSSB provides funding for local authorities to undertake central functions on behalf of maintained schools and academies, made up of two elements:
- Ongoing responsibilities
 - Historic commitments
- 3.10 The DfE state that “Local authorities will continue to be protected so that the maximum per-pupil year on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 5.6%.”
- 3.11 The department has reduced the element of funding within CSSB that some local authorities receive for historic commitments made prior to 2013/2014.
- 3.12 In 2022/2023, for those local authorities that receive it, historic commitments funding has been reduced by 20%.

Grants for 2022/23

- 3.13 School Improvement monitoring and brokering grant - Local authorities currently receive the school improvement monitoring and brokering grant covering their statutory intervention functions and monitoring and commissioning of school improvement support. The DfE will keep the performance of the grant and its future beyond March 2022 under continual review.
- 3.14 Pupil Premium - The pupil premium will continue in the 2022/2023 financial year.
- 3.15 For the financial year 2022/2023, October 2021 school census data will be used to allocate the pupil premium, just as the October 2020 census was used for the 2021/2022 pupil premium allocations.
- 3.16 Other non-DSG grants - Information about other grants for 2022/2023 will be issued during 2022.

High Needs Funding

- 3.17 The high needs block supports provision for pupils and students with SEND, from ages 0 to 25, and alternative provision for pupils who, because of exclusion, illness, or other reasons, cannot receive their education in mainstream schools.
- 3.18 The national increase in high needs funding from 2021/22 to 2022/23 will be £780m; a £50m increase on the previous year.
- 3.19 Local authorities will see increase of a minimum of 8% and gains were capped at 11%; taking into account changes in the 2 to 18 year old population (as estimated by the ONS).
- 3.20 The hospital education factor amount will also be uplifted in line with the 8% funding floor factor.
- 3.21 The basic structure of the high needs NFF for 2022/2023 is not changing; however, there have been some more technical changes made, following responses to a consultation in early 2021:
- the historic spend factor has been updated for 2022/2023, to use 50% of local authorities' actual spend in 2017/2018 rather than planned spend as previously used. The proportion of total funding going through the historic spend factor will reduce from 34% of the 2021/2022 formula allocations to 32% in 2022/2023
 - due to the coronavirus (COVID-19) pandemic there is no appropriate 2020 attainment data to use for the 2 low attainment factors; therefore, 2019 data has been used in place of 2020 data for the 2022/2023 high needs allocations. This aligns with the approach taken in the schools NFF.
- 3.22 Local authorities must allocate teachers' pay and pensions employer contribution grant funding to maintained special schools, pupil referral units, special and alternative provision (AP) academies and maintained and academy hospital schools, on a per place basis according to the agreed number of funded places in the financial year 2022/2023. This is as a separate high needs funding stream (that is, neither place funding nor top-up funding), as follows:
- minimum of 40 places per school must be funded

- no recoupment for academies, so local authorities must fund academies directly
 - this funding must be excluded from any special schools minimum funding guarantee (MFG) calculation
- 3.23 The MFG for mainstream school covers their core budget, but it does not cover the high needs top-up funding. That element is not protected because it can change significantly when a single pupil with high needs leaves the school.
- 3.24 The MFG protection for maintained special schools and special academies in financial year 2022/2023 will be set by a condition of grant that applies to local authorities' dedicated schools grant (DSG) and protects schools from seeing a reduction in funding from year to year, assuming that the number and type of places remains the same between the 2021/2022 and 2022/2023 financial years.
- 3.25 In 2022/2023, the MFG for special schools/academies will remain at 0% of their core budget (place + top-up funding) on a per pupil basis, that is, the top-up funding must be set at a rate to ensure a school's total budget is no less per pupil than in the previous year.

4. Recommendations

4.1 That Schools Forum

Note the contents of the report based on the "Schools revenue funding 2022/23 - Operational guide" and "The High Needs Funding 2022/23 operational Guide."

Rosemarie Kerr, Principal Accountant – Schools

Date: 20/09/2021

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ILO - UNCLASSIFIED

Agenda Item 8

Schools Forum

27 September 2021

SPECIAL EDUCATIONAL NEEDS HIGH NEEDS BLOCK 2021/22 AUGUST 2021 MONITORING REPORT

This report is for Information

1. Recommendations:

That Schools Forum members:

- 1.1 Note the contents of the report in relation to the 2021/22 HNB Grant budget monitoring for the period 1 April – 31 August 2021.
- 1.2 Note the data provided on the commissioned places and occupancy for special provisions as at 31 August 2021.

2. Purpose

- 2.1 To provide Schools Forum with the HNB monitoring position as at 31 August 2021 projected to 31 March 2022 and special provision occupancy as at 31 August 2021.

3. HNB Budget 2020/21

- 3.1 The HNB current grant for 2021/22 is £53.240m.
- 3.2 The anticipated in year surplus as at 31 August 2021 projected to 31 March 2022 is £1.332m.
- 3.3 The balance brought forward as at 1 April 2021 was £0.597m surplus.

- 3.4 Appendix 1 shows the 2021/22 High Needs Block Budget Allocation, the actual expenditure as at 31 August 2021 and the variance from budget
- 3.5 The Variances are explained below;

Variation 1

Out of borough placements, other associated costs, show a £20,000 saving and is due to the reduction in room hire costs for the delivery of support to students that are awaiting a school roll. During COVID these were delivered virtually and from September 21 it is anticipated that these will be delivered face to face.

Variation 2

Sandwell Community School - Additional funding of £200,000 has been included here to be prudent to fund pupils placed at SCS requiring top up that is not included in the funding already allocated. SCS are funded 180 places at £10,000 per place plus Top Up for 80 places. This area is currently under review by a Task and Finish Group.

Variation 3

High Point opened on 1 September 2021. It was initially thought that the place element would have to be met through the HNB. The DFE clarified in July 2021 that this would be funded directly with no impact on Sandwell's HNB.

Variation 4

An amount £480K from the Early Years Grant is used to offset the early support for pupils in private provider settings and those in Mainstream schools. The support for pupils in mainstream schools is set against the schools' delegation and not shown separately. The £480,000 does not cover the full costs of meeting the needs of the pupils in these settings. Questions were raised at the SEND Consultation Working Group re the level of grant and the possibility that this could be increased.

Variation 5

The total variances equate to a saving of £349,865 across 9 service areas. These are mainly due to staff turnover, maternity leave,

opting out of the LA superannuation scheme and full time budgeted posts covered by staff on reduced hours.

Variation 6

Preventing Secondary Exclusions Team has not been appointed to so there is a saving of £198,600 in 2021/22. Various options for utilising these funds will be put forward as part of the SEND review Consultation which will be issued shortly.

Variation 7

Alternative Provision was budgeted at £843,000 in December 2020. Based on the leavers in July 2021 and the close monitoring of placements by the Alternative Provision Panel the saving is currently predicted to be £313,000. Any changes in this will be reported and evidenced in future monitoring reports.

Variation 8

SEN Developments is showing an underspend of £449,300 – This budget head currently covers independent appeals and reports, and any funding agreed that does not clearly fit onto any other budget head. It also holds the HNB balancing figure of £440,100, which is difference between the calculated budgets as at 1 April 2021 and the HNB Grant initial settlement 2021/22.

4. Focus Provision and Special School Place Funding

- 4.1 Appendix 2 shows the Focus Provision, Special School and PRU commissioned places for the period 1/4/21-31/3/22 together with the average occupancy for the summer term 2021.
- 4.2 A total of 1,103 commissioned places have been funded and allocated to schools of which 65 are for other local authority pupils places in Sandwell schools for which either Sandwell SEN, or Schools recoup top up funding. An additional 25 places have been budgeted for which may be allocated to special schools should they exceed their commissioned allocations on average over the financial year.
- 4.3 Table 1 shows the new provisions / expansions in special provision from 1 September 2021.

Table 1 Commissioned places to be funded from 1 September 2021

Establishment	Commissioned places from 1/9/21
The Meadows Expansion	18
Westminster SPI	12
High Point	38
Total	68

- 4.4 The Focus Provisions overall average under occupancy as at 31 August 2021 was 12%. Primary under occupancy was 9% while Secondary was 18%
- 4.5 Across the 4 Special Schools there was only 1 unoccupied place throughout the Summer Term. The Meadows, Shenstone Lodge and Brades were over commissioned places while Westminster had 6 places under occupancy and Orchard had 1.
- 4.6 The commissioned places are the places that the LA purchase at the beginning of the financial year and are not the actual numbers that the schools can accommodate (PAN).
- 4.7 The data for PRUs has been run on SYNERGY as at 31 August 2021 and was showing 52 vacancies. Primrose was full, Sandwell Community School had 16 Vacancies and Albright was showing 11 vacancies.

5. Recommendations

- 5.1 That Schools Forum note the contents of the report.

Date: 10/9/2021 Contact Officer: Julie Gill Tel No: 0121-569-8267

Appendix 1
HIGH NEEDS BLOCK - BUDGET MONITORING - AUGUST 2021/22.

	BUDGET ALLOCATIO N 2021/22 £	SPEND as at 31/8/21 £	PREDICTED END OF YEAR OUTTURN £	VARIANCE FROM BUDGET £	VARIANCE REF	NOTES
Out of Borough Placements						
Independent schools	5,102,500	1,058,884	5,102,500	0		
OLA Maintained & Academy Scho	1,518,000	(540,085)	1,518,000	0		
Alternative Providers	160,000	41,269	160,000	0		
Other associated costs	40,000	0	20,000	(20,000)	1	Room hire for the support of Students that had virtual lessons during COVID
	6,820,500	560,068	6,800,500	(20,000)		
Pupil Top up & Place						
Mainstream Schools	9,442,100	7,884,330	9,442,100	0		
Focus Provisions	3,043,400	2,831,530	3,043,400	0		
Special Schools	16,900,000	15,420,241	16,900,000	0		
Primary PRU	514,800	0	514,800	0		
Secondary PRU	2,428,300	0	2,628,300	200,000	2	Included additional funding to be prudent for pupils placed in SCS that require place funding. This is an area under review via a Task and Finish Group.
High Point	798,700	0	577,033	(221,667)	3	Place funding was initially budgeted for but the DFE have notified the LA that this will be funded directly with no deduction made to Sandwell's HNB.
Early Years Private Providers	0		500,000	500,000	4	This is offset by the grant below. Questions were raised by the SEN consultation group re the level of grant and whether a request for an increase should be considered as Sandwell also fund early years in the mainsteam budget above.
Early Years Grant		(480,000)	(480,000)	(480,000)	4	
Recoupment	(697,000)	(6,091)	(697,000)	0		This is recoupment of top up for OLA pupils placed in Sandwell Schools
	32,430,300	25,650,011	32,428,633	(1,667)		
Post 16 Colleges & Specialist Pr						
	3,078,700	762,038	3,078,700	0		
Albright Hospital PRU						
	1,297,700	0	1,297,700	0		
SEN Support Services	1,420,100	537,546	1,378,300	(41,800)	5	Maternity Leave, staff turnover and reduced hours
Support for Inclusion						
Lace	384,500	153,229	360,500	(24,000)	5	Full time Budgeted post but post holder reduced hours
Inclusion Support	1,094,600	404,951	1,036,300	(58,300)	5	2 Vacancies
Sensory Support Team	905,100	329,789	831,200	(73,900)	5	Maternity leave and part year vacancy
CCD Team	494,700	188,084	456,600	(38,100)	5	1 Vacancy
Early Years Admin	697,600	262,037	662,600	(35,000)	5	Materniy Leave and 0.5 vacancy
Preventing Primary Exclusions	228,000	90,164	220,800	(7,200)	5	Staff turnover
SEMH Team	639,300	247,313	617,300	(22,000)	5	Full time Budgeted posts but post holders reduced hours
Preventing Secondary Exclusions	198,600	0	0	(198,600)	6	Part of the SEN Consultation
	4,642,400	1,675,567	4,185,300	(457,100)		
Alternative AWPV Prov						
	843,000	67,576	530,000	(313,000)	7	To be monitored closely. Alternative Provision Panel is contolling the pupils placed in AP settings
SEN Developments						
	823,900	330	374,600	(449,300)	8	
Other SEN Funding						
Central Recharges	508,500	0	508,500	0		
SALT SLA	7,600	3,146	7,551	(49)		
OT & Physio SLA	64,600	9,239	64,557	(43)		
Equal Pay other SS	50,400	0	50,400	0		
Transfer to CWD.	95,800	0	95,800	0		
Mediation	30,000	0	30,000	0		
Hospital Recoupment	30,000	4,080	30,000	0		
Medical Malpractice	15,000	0	15,000	0		
Non SEN Statutory	838,100	0	838,100	0		
ITT Staff Contribution	23,000	0	23,000	0		
Joint Commissioning	48,500	0	48,500	0		
SEDIASS	19,000	0	19,000	0		
	1,730,500	16,465	1,730,408	(92)		
Exclusions & Reintegration						
	152,900	41,806	103,335	(49,565)	5	Vacant post
TOTAL	53,240,000	29,311,406	51,907,476	(1,332,524)		

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APPENDIX 2

FOCUS PROVISION, SPECIAL SCHOOLS & PRUs COMMISSIONED PLACES & SUMMER TERM 2021 OCCUPANCY

FOCUS PROVISION	Commissioned Places 1/4/21-31/3/22	Occupancy as at 31/8/21	Vacancies as at 31/8/21	OLA Pupils as at 31/8/21
Christ Church C.E. Primary	8	7	1	
Crocketts Lane Primary	12	10	2	
Devonshire Infant & Junior	11	14	-3	1
Ferndale Primary	10	10	0	
Galton Valley Primary	10	10	0	
Grace Mary Primary	20	18	2	1
Great Bridge Primary	12	12	0	
Hargate Primary (HI)	12	12	0	
Hargate Primary (SEMH)	10	7	3	
Ocker Hill Academy	10	6	4	
St Martin's CE Primary	5	5	0	1
Uplands Manor Primary	5	3	2	
PRIMARY	125	114	11	3
St Michaels C.E High (PD)	20	14	6	2
Bristnall Hall High	25	20	5	1
Wodensborough Ormiston Academy	25	23	2	1
SECONDARY	70	57	13	4
TOTAL	195	171	24	7
%			12%	

SPECIAL SCHOOLS	Commissioned Places 1/4/21-31/3/22	Average Occupancy as at 31/8/21	Average Vacancies as at 31/8/21	OLA Pupils as at 31/8/21
The Orchard	147	146	1	5
The Meadows	185	186	-1	13
Westminster	226	220	6	13
Shenstone	57	61	-4	23
Brades	38	39	-1	4
TOTAL 1/4/21-31/8/22	653	652	1	58
%				

PRUs	Commissioned Places 1/4/21-31/3/22	Average Occupancy as at 31/8/21	Average Vacancies as at 31/8/21	OLA Pupils as at 31/8/21
Primrose	25	25	0	
Sandwell Community School	180	164	16	
Albright	50	39	11	
TOTAL	255	228	27	

GRAND TOTAL	1,103	1,051	52	65
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Agenda Item 9

Schools Forum

27 September 2021

INDEPENDENT SCHOOL REPORT DRAFT

This report is for Information

1. Recommendations:

That Schools Forum members:

- 1.1 Note the contents of this report in relation to the data requested at the Schools Forum Meeting on 14 June 2021

2. Purpose of the Report

- 2.1 To provide schools forum with an overview of the Independent School spend and pupil numbers for 2020/21 and the budget and projected spend for 2021/22.

3. Background

- 3.1 Questions have been raised by School Forum Members during 2020/21 on the numbers of pupils occupying these provisions and the associated costs.
- 3.2 The data on pupil numbers have been supplied previously following the presentation of the monitoring reports and this has been distributed outside the meetings.
- 3.3 The data in this report does not show any major fluctuations to previously circulated data but includes additional information that provides background and substance to the decisions. All data is as at 1 April 2021.

3.4 Appendix 1 shows the following

1. The geographical area the educational establishment sits in
2. The school name,
3. The average cost of the placement
4. The number of pupils supported in the Summer 2020, Autumn 2020 and Spring 2021.
5. The Spend for 2020/21 for the period 1/4/20-31/3/21
6. The analysis of Category of Need for each establishment
7. The Budget for 2021/22 for the period 1/4/21-31/3/22
8. Male / Female split

4. Placement Analysis

- 4.1 There were 105 pupils on roll in Independent special schools as at 1 April 2021 and Table 1 shows the analysis by need, whether Sandwell schools were sent consultations prior to placement and the subsequent responses and how many pupils had already attended a specialist provision prior to being placed in an independent setting.

Table 1

	SEMH	SLD	ASD	SLCN	MLD	SpLD	Total
Consultations							
Sandwell Provision Consulted	44	2	12	8	8	1	75
Sandwell Provision Not Consulted	23	1	5		1		30
TOTAL	67	3	17	8	9	1	105
Consultation Responses							
Positive responses			1	2	1		4

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Negative responses	44	2	11	6	7	1	71
TOTAL	44	2	11	7	8	1	73
Those not consulted on							
Lives Out of the Borough	13	1					14
Moved to Sandwell already settled in provision			3				3
Already in provision when assessment started	5						5
Other Reason	5		2		1		8
TOTAL	23	1	5		1		30
Previous Placements within Sandwell							
SCS	24				5		29
Albright	3			1	1		5
Primrose	4		3	1			8
Shenstone	5		2				7
Westminster		1					1
Focus Provision				1			1
TOTAL	36	1	5	3	6		51

4.2 There were 4 positive responses from Sandwell schools and the reason for placing out of borough are:

- 1 Tribunal direction
- 1 Following Mediation
- 1 Parental Preference
- 1 In borough offer withdrawn

4.3 There 8 cases where Sandwell schools were not consulted and the reasons are:

- 1 was placement in 2018 where Shenstone was at capacity, so consultations were not sent out. When it was noted that this was happening an instruction was issued that consultations would be sent regardless of occupancy.
- 1 required a therapeutic provision as part of the placement that was not available in Borough
- 1 was a Tribunal directive
- 3 were already attending the provision in borough where a change was being requested as needs could not be met.
- 1 was a placement in 2019 where SEN deemed the need too complex for placement at an in-borough provision. Consultations are now sent to Sandwell provisions as a matter of course.
- 1 where mainstream was not suitable at Annual Review. Consultations should have been sent to other appropriate Sandwell schools.

5. Recommendations

5.1 It is recommended that Schools Forum note the contents of the report.

Date: 9/9/21 Contact Officer: Julie Gill Tel No: 0121-569-8267
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Agenda Item 9

Schools Forum

27 September 2021

INDEPENDENT SCHOOL REPORT DRAFT

This report is for Information

1. Recommendations:

That Schools Forum members:

- 1.1 Note the contents of this report in relation to the data requested at the Schools Forum Meeting on 14 June 2021

2. Purpose of the Report

- 2.1 To provide schools forum with an overview of the Independent School spend and pupil numbers for 2020/21 and the budget and projected spend for 2021/22.

3. Background

- 3.1 Questions have been raised by School Forum Members during 2020/21 on the numbers of pupils occupying these provisions and the associated costs.
- 3.2 The data on pupil numbers have been supplied previously following the presentation of the monitoring reports and this has been distributed outside the meetings.
- 3.3 The data in this report does not show any major fluctuations to previously circulated data but includes additional information that provides background and substance to the decisions. All data is as at 1 April 2021.

3.4 Appendix 1 shows the following

1. The geographical area the educational establishment sits in
2. The school name,
3. The average cost of the placement
4. The number of pupils supported in the Summer 2020, Autumn 2020 and Spring 2021.
5. The Spend for 2020/21 for the period 1/4/20-31/3/21
6. The analysis of Category of Need for each establishment
7. The Budget for 2021/22 for the period 1/4/21-31/3/22
8. Male / Female split

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- 4.1 There were 105 pupils on roll in Independent special schools as at 1 April 2021 and Table 1 shows the analysis by need, whether Sandwell schools were sent consultations prior to placement and the subsequent responses and how many pupils had already attended a specialist provision prior to being placed in an independent setting.

Table 1

	SEMH	SLD	ASD	SLCN	MLD	SpLD	Total
Consultations							
Sandwell Provision Consulted	44	2	12	8	8	1	75
Sandwell Provision Not Consulted	23	1	5		1		30
TOTAL	67	3	17	8	9	1	105
Consultation Responses							
Positive responses			1	2	1		4

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Negative responses	44	2	11	6	7	1	71
TOTAL	44	2	11	7	8	1	73
Those not consulted on							
Lives Out of the Borough	13	1					14
Moved to Sandwell already settled in provision			3				3
Already in provision when assessment started	5						5
Other Reason	5		2		1		8
TOTAL	23	1	5		1		30
Previous Placements within Sandwell							
SCS	24				5		29
Albright	3			1	1		5
Primrose	4		3	1			8
Shenstone	5		2				7
Westminster		1					1
Focus Provision				1			1
TOTAL	36	1	5	3	6		51

4.2 There were 4 positive responses from Sandwell schools and the reason for placing out of borough are:

- 1 Tribunal direction
- 1 Following Mediation
- 1 Parental Preference
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4.3 There 8 cases where Sandwell schools were not consulted and the reasons are:

- 1 was placement in 2018 where Shenstone was at capacity, so consultations were not sent out. When it was noted that this was happening an instruction was issued that consultations would be sent regardless of occupancy.
- 1 required a therapeutic provision as part of the placement that was not available in Borough
- 1 was a Tribunal directive
- 3 were already attending the provision in borough where a change was being requested as needs could not be met.
- 1 was a placement in 2019 where SEN deemed the need too complex for placement at an in-borough provision. Consultations are now sent to Sandwell provisions as a matter of course.
- 1 where mainstream was not suitable at Annual Review. Consultations should have been sent to other appropriate Sandwell schools.

5. Recommendations

5.1 It is recommended that Schools Forum note the contents of the report.

Date: 9/9/21 Contact Officer: Julie Gill Tel No: 0121-569-8267
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Agenda Item 10

Schools Forum

27 September 2021

ALTERNATIVE PROVISION REPORT DRAFT

This report is for Information

1. Recommendations:

That Schools Forum members:

- 1.1 Note the contents of this report in relation to the data requested at the Schools Forum Meeting on 14 June 2021

2. Purpose of the Report

- 2.1 To provide schools forum with an overview of the Alternative Provision spend and pupil numbers since 2016/17, the budget and projected spend for 2021/22.

3. Background

- 3.1 The Alternative Provision budget saw large increases in spend year on year from 2017/18 onwards which put financial pressure on the High Need Block Grant. Table 1 shows the actual AP spend, annual budget and variance for the financial years 2016/17 to 2020/21 and the approximate number of pupils being supported in each year as at 1 April each year. The biggest pressure against budget reported, was in 2018/19.

Table 1

	Annual Budget £	End of year Outturn £	(Under)/over spend £	No of Pupils Supported
2016/17	160,000	136,195	(23,804)	62
2017/18	160,000	349,251	189,251	94
2018/19	160,000	2,054,601	1,894,601	330
2019/20	1,400,000	2,118,778	718,778	349
2020/21	1,911,000	1,110,963	(800,037)	211
2021/22	843,700	E 820,150	E(23,550)	61

- 3.2 In order to monitor and control the number of pupils placed in Alternative Provisions and the rationale behind the placements, an Alternative Provision Panel was set up from 1 September 2019. The membership now includes representatives from The Local Authority, The West Midlands Police, The Childrens Trust, the Independent Chair of the Fair Access Panel and the Pupil Referral Units.
- 3.3 The numbers of pupils have reduced naturally over time as pupils have left the provisions at the end of year 11 and new pupils entering Alternative Provision has reduced considerably since the introduction of the Panel.
- 3.4 The Budget for 2021/22 is £843,700 and includes an in year allocation of £540K to provide for any international new arrivals that cannot be realistically placed on a school roll and any impact of COVID19. The estimated outturn already shows a reduction to budget following the cessation of a contract.

4. 2020/2021 Outturn

- 4.1 Table 2 Shows the pupil numbers against each provider and the costs incurred in 2020/21 financial Year 1 April 2020 to 31 March 2021.

Table 2

Provider	Pupil Nos Summer 2020	Pupil Nos Autumn 2020	Pupil Nos Summer 2021	Outturn 1/4/20- 31/3/21 £
ASCEND	11	2	2	50,354
Blackwater	38	12	11	232,905
Blue Whale	2	0	0	8,295
Dudley College	3	0	0	11,566
iMedia	1	0	0	1,553
Envirohort	1	0	0	2,760
IMPACT	13	7	7	104,999
NACRO	3	0	0	11,235
NOVA	8	3	3	8,727
Nulogic	1	0	0	3,150
SV School	108	43	43	699,290
Walsall College	2	0	0	3,165
WorkNLearn (WnL)	16	3	3	40,139
WnL Monitoring				44,800
Zenith	4	0	0	2,400
Accrual & Income Adjs				11,260
Pupil Premium & FSM Covid Grant				(125,635)
TOTAL	211	70	69	1,110,963

5. 2021/22 Projection

- 5.1 Table 3 Shows the projected numbers against each provider and the current estimated costs for the financial year 1 April 2021 to 31 March 2022

Table 3

Provider	Pupil Nos Summer 2021	Pupil Nos Autumn 2021	Pupil Nos Summer 2022	Estimated Cost 1/4/21- 31/3/22 £
ASCEND	1	0	0	4,000
Blackwater	11	5	5	88,290
IMPACT	7	2	2	40,000
NOVA	3	0	0	12,000
Sandwell Valley School	37	8	8	196,260
WorkNLearn (WnL)	2	0	0	4,000
WnL Monitoring				5,600
In year movements				540,000
Pupil Premium				(70,000)
TOTAL	61	15	15	820,150

- 5.2 Table 4 shows the average cost of provision at each of the providers where pupils were attending on 1 April 2021. Where applicable an additional cost per day for midday meals will be funded if the pupil is eligible for free school meals.

Table 4

Provider	Average Education Cost of Provision
ASCEND	£60-£120 per day
Blackwater	£60-£70 per day
IMPACT	£65 per day
NOVA	£80 Per day
Sandwell Valley School	£60 per day
WorkNLearn (WnL)	£70 per day

6. Recommendations

- 6.1 It is recommended that Schools Forum note the contents of the report.

<p>Date: 9/9/21 Contact Officer: Julie Gill Tel No: 0121-569-8267</p>

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