

Schools Forum
Wednesday, 15 September 2021 at 8.00 am

VENUE: Held Remotely

https://bradford.public-i.tv/core/portal/webcast_interactive/582799

PLEASE NOTE

All meetings will be held in public; the agenda, decision list and minutes will be publicly available on the Council's website and Committee Secretariat, Room 112, City Hall, Bradford.

The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Forum Clerk Asad Shah - 01274 432280 who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions should be aware that they may be filmed or sound recorded

1. APOLOGIES FOR ABSENCE

The City Solicitor will report the names of alternate Members who are attending the meeting in place of appointed Members.

2. DISCLOSURES OF INTEREST

To receive disclosures of interests from Members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it only becomes apparent to the member during the meeting.

3. MINUTES OF 7 JULY 2021 & MATTERS ARISING

1 - 10

That the minutes of the meeting held on 7 July 2021 be signed as a correct record.

4. MATTERS RAISED BY SCHOOLS

Members will be asked to consider any issues raised by schools.

5. STANDING ITEM - DSG GROWTH FUND ALLOCATIONS (a)

There are no allocations for consideration at this meeting.

6. SCHOOLS FORUM MEETINGS & MEMBERSHIP - UPDATE (i) 11 - 20

The Business Advisor (Schools) will present a report, **Document NF**, which follows from the report presented to the July meeting (Document MZ) and provides a further update on Schools Forum membership.

Appendix 1 presents the Forum's full current membership at September 2021, following the recent recruitment processes.

As there a number of new members attending the Forum for the first time, this report also reminds members of the Forum's statutory powers (Appendix 2) and highlights how the Forum makes resolutions and takes decisions.

Recommended –

The Schools Forum is asked to consider and to note the information presented.

(Andrew Redding – 01274 432678)

7. 'HARD' NATIONAL FUNDING FORMULA - DFE CONSULTATION (a) 21 - 90

The Principal Finance Officer (Schools) will present a report, **Document NG**, which presents the DfE's consultation on the proposed transition towards the 'hard' National Funding Formula, which was published on 8 July 2021.

The report at Appendix 2 also presents the Authority's proposed response to this consultation. The Forum is asked to consider whether it wishes to support the Authority's response or to submit its own response.

Recommended -

(a) The Schools Forum is asked to consider the implications of the DfE's movement to 'hard' National Funding Formula and to note the information provided in the report.

- (b) **The Forum is asked to consider whether it wishes to support the Authority’s response or to submit its own response to the DfE’s consultation.**

(Jonty Holden – 01274 431927)

8. **2022/23 DSG & FORMULA FUNDING ANNOUNCEMENTS - BRIEFING (i)** 91 - 136

The Business Advisor (Schools) will present Document NH (Appendices 1 and 2), which provides a briefing on the 2022/23 Dedicated Schools Grant settlement and formula funding arrangements, following the DfE’s announcement on 19 July 2021.

This report provides important background for the development of our formula funding arrangements for 2022/23.

Recommended –

The Schools Forum is asked to note the information presented and to begin to consider the implications for the 2022/23 DSG budget planning round and formula funding arrangements.

(Andrew Redding – 01274 432678)

9. **OUTLINE - FORMULA FUNDING ARRANGEMENTS & CONSULTATIONS 2022/23 (i)** 137 - 144

The Business Advisor (Schools) will present a report, **Document NI**, which outlines the working principles that are being considered in the development of Bradford’s formula funding arrangements for 2022/23. The Authority anticipates presenting consultation reports to the Schools Forum at the next meeting, with these consultations being published immediately after. However, Members are asked to note that the consultation on early years entitlement funding arrangements may be delayed due to the timing of the announcement of the Early Years Block settlement and operational guidance.

Responses to consultations are expected to be considered by the Forum at its December meeting. The Schools Forum will then be required to make its final recommendations on 2022/23 DSG and formula funding arrangements at its January 2022 meeting.

In support of these processes:

Forum Members are invited to (remotely) attend a ‘Formula Funding Working Group’ session, on Tuesday 28 September (8am), Wednesday 29 September (8am) or Tuesday 5 October (8am). As in previous years, these sessions will enable Forum Members to consider in more detail the impact of national formula funding decisions and to

explore and to guide the proposals for 2022/23 for Bradford's Schools and High Needs Block formula funding arrangements that are anticipated will be set out for consultation in October. These FFWG sessions will incorporate considerations relating to the Schools Block Falling Rolls Fund.

The Authority is currently convening the Early Years Working Group to consider more closely our early years entitlement funding arrangements for 2022/23 in advance of the DfE's Early Years Block announcements. Interested Forum members are invited to attend this group.

The Authority will contact the District Achievement Partnership to arrange to discuss directly the proposals for the continuation of the EHCP Banded Model (the special school funding formula) for 2022/23.

Recommended –

- (1) The Schools Forum is asked to consider and to comment on the working principles.**
- (2) Members are invited to attend a 'Formula Funding Working Group' session.**
- (3) Members are invited to attend the Early Years Working Group.**
- (4) The Authority will discuss the proposals for the continuation of the EHCP Banded Model (the special school funding formula) for 2022/23 directly with the District Achievement Partnership.**
- (5) Members are asked for feedback on how best to communicate as early as possible this term with schools and other providers about arrangements for 2022/23 (in advance of more formal consultation beginning in October).**

(Andrew Redding – 01274 432678)

**10. WORK PROGRAMME AND SCHEDULE OF MEETINGS 2021/22
ACADEMIC YEAR (i)**

145 -
148

The Business Advisor (Schools) will present a report, **Document NJ**, which outlines the School Forum's 2021/22 Academic Year work programme.

Recommended –

The Forum is asked to note the proposed programme and to consider whether any additional items should be added.

(Andrew Redding – 01274 432678)

11. SCHOOLS FORUM STANDING ITEMS (i)

Updates on the following Forum standing items will be provided verbally where these have not been covered within other agenda items:

- Schools Forum membership
- Update from the High Needs Block Steering Group
- Update from the Schools Financial Performance Group (SFPG)
- Update on School / Academy Budgets
- Update from the Early Years Working Group (EYWG)
- Update from the Formula Funding Working Group (FFWG)
- Update on Primary School Places
- Update on Academies & Free Schools

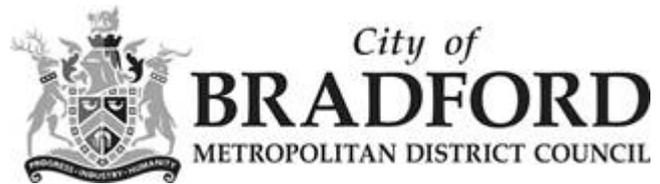
The Forum is asked to note the information provided.

(Andrew Redding – 01274 432678)

12. AOB / FUTURE AGENDA ITEMS

Members will be asked for any additional items of business, for consideration at a future meeting.

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Note: These minutes are subject to approval as a correct record at the next meeting of the Schools Forum on 15 September 2021

Schools Forum meeting held remotely on Wednesday 7 July 2021

To view the archived recording of this meeting, please see here:

https://bradford.public-i.tv/core/portal/webcast_interactive/582799

Commenced 0805, Adjourned 0940
Reconvened 0950, Concluded 1040

RECORD OF MEETING ATTENDEES, APOLOGIES AND ABSENCES

Schools & Academies Members

IN ATTENDANCE

Member	Membership Group
Dianne Richardson (Chair)	Maintained Primary Schools - Headteacher
Ian Morrel (Vice Chair)	Maintained Secondary Schools – Headteacher
Sian Young	Maintained Nursery Schools – Headteacher
Nicky Kilvington	Maintained Primary Schools - Headteacher
Graham Swinbourne	Maintained Primary Schools - Headteacher
Emma Hamer	Maintained Primary Schools - Governor
Trevor Loft	Academies Member – Alternative Provision Academies
Dominic Wall	Academies Member – Special School Academies
Carol Dewhirst OBE	Academies Member
Brent Fitzpatrick OBE	Academies Member
Helen Williams	Academies Member
Wahid Zaman	Academies Member
Kevin Holland	Academies Member

APOLOGIES RECEIVED

Member	Membership Group
Sir Nick Weller	Academies Member
Ashley Reed	Academies Member
Kirsty Ratcliffe	Pupil Referral Units (Maintained)
Lyndsey Brown	Maintained Special Schools – Headteacher
Tehmina Hashmi	Academies Member

NOT IN ATTENDANCE (WITHOUT APOLOGIES RECEIVED)

Member	Membership Group
Bryan Harrison	Maintained Primary Schools - Headteacher

Deborah Howarth	Academies Member
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Non-Schools Members

IN ATTENDANCE

Member	Membership Group
Tom Bright	Teaching Unions
Irfan Alam	Officer Representing Vulnerable Children

APOLOGIES RECEIVED

Member	Membership Group
Donna Willoughby	Non-Teaching Unions

NOT IN ATTENDANCE (WITHOUT APOLOGIES RECEIVED)

Member	Membership Group

Substitute Members present at the meeting as a Member (not as an Observer)

Substitute Member	Membership Group

Local Authority Officers present at the meeting

Officer	Position
Andrew Redding	Business Advisor (Schools)
Asad Shah	Committee Secretariat
Marium Haque	Deputy Director, Education and Learning
Raj Singh	Business Advisor (Children's Services)
Jonty Holden	Principal Finance Officer (Schools)
Niall Devlin	Strategic Manager, Integrated Assessment (item 11)
Mary Ryan	Strategic Commissioning Manager (item 11)

Recorded Observers

Name
Bev George (new member for maintained nursery school governors starting Sept 2021)
Michael Thorp (new member for academies starting Sept 2021)
Heather Lacey (new member for academies starting Sept 2021)
Victoria Birch (new member for academies starting Sept 2021)
Alison Kaye (named substitute academies member)
Ian Murch (Teaching Unions)

40% of the School Forum's membership (filled membership positions) must be present for a meeting to be quorate. This meeting was quorate with 65% of members present (15 out of 23 currently filled membership positions).

556. DISCLOSURES OF INTEREST

Emma Hamer and Kevin Holland declared interests for item 11 (Speech and Language

Therapy Review).

Emma Hamer and Graham Swinbourne declared interests for item 12 (matters concerning the Early Years Block).

ACTION: *City Solicitor*

557. MINUTES OF 10 MARCH 2021 AND MATTERS ARISING

The Business Advisor (Schools) reported on progress made on “Action” items:

- **Item 549 (Falling Rolls Fund):** The Authority expects to bring recommendations on the on-going position of the Falling Rolls Fund, and related matters in respect of pupil number reductions, back to the Forum within the 2022/23 formula funding and DSG discussions that will begin in September.
- **Item 551 (Request for Early Years Entitlement Spring Term Protection & Other DSG matters):** The early years entitlement funding protection request comes back to the Forum at this meeting under agenda item 12. The Authority submitted our response to the High Needs Block consultation. The DfE has not yet announced the outcomes of this consultation but we expect these as part of the usual July DSG publications.
- **Maintained Nursery Schools Supplement:** As we reported in the email sent to members, notifying of the cancellation of the May Forum meeting, the DfE has confirmed the continuation, for the period September 2021 to April 2022, of the supplement within the Early Years Block that protects the funding level of maintained nursery schools. This is continued on existing terms and allows us to continue to protect nursery school funding for the full 2021/22 financial year on existing terms as we indicated we would and as agreed with the Schools Forum in January. Unfortunately, we have no further information on the position of this supplement after March 2022 (announcements on this are unlikely to come before the autumn).
- **Scheme for Financing Schools** - The DfE published at the beginning of April its annual update to the model template for Authority Schemes in respect of maintained schools. There were no changes to the provisions in the Scheme that required our response or consultation with the Schools Forum. We await changes and guidance in a couple of areas a) leases (IFRS 2016) and b) Related Party Transactions and the Schools Financial Value Standard (SFVS). We anticipate further guidance from the DfE over the summer (especially in respect of the SFVS RPTs changes) and we may be required to present proposals for Scheme amendments to the Forum in the autumn. Maintained schools will need to take action to respond to the new requirements in respect of RPTs during this year. The Authority has previously warned schools about this.

Resolved –

- (1) **That progress made on “Action” items and Matters Arising be noted.**
- (2) **That the minutes of the meeting held on 10 March 2021 be signed as a correct record.**

558. MATTERS RAISED BY SCHOOLS

No matters were raised.

No resolutions were passed on this item.

559. STANDING ITEM – DSG SCHOOLS BLOCK GROWTH FUND ALLOCATIONS

No allocations were presented.

No resolutions were passed on this item.

560. SCHOOLS FORUM MEETINGS FROM SEPTEMBER 2021

The Business Advisor (Schools) asked members for their views about how the Schools Forum should meet from the start of the new academic year – whether to continue to meet remotely or whether to return to meetings ‘in attendance’ if circumstances permitted this. He reminded members that the Regulations have been amended to permit the Forum to meet remotely on an on-going basis. He stressed that it would not be possible to take a decision at this meeting (as how meetings can take place from September will be depending on developing circumstances, restrictions, social distancing requirements and the suitability of a venue).

Members responded to recognise the pros and cons both options. Whilst the ‘ease’ of remote meetings is recognised, it is also recognised that in attendance meetings will typically better support effective discussion and interaction as well as the presentation of information. Some members suggested that a form of ‘blended’ approach might be considered, where some meetings in the annual programme are held in attendance and others held remotely. Members asked for the views both of the Chair and of the Business Advisor (Schools). The Business Advisor explained that he would be concerned to ensure that we found the right balance between meeting effectively whilst avoiding any ‘barrier’ to members’ attendance or any knock-on consequences for the management of schools e.g. where schools-based members may be reluctant to attend meetings for risk of requiring to isolate due to contact exposure or where attendance at a Schools Forum meeting results in a number of school leaders being required to isolate to the detriment of their school’s management. He emphasised that returning to in attendance in any form in September would require a suitable venue to be identified and that this would be influenced by social distancing requirements.

Resolved – That the Local Authority takes into account the feedback provided by Forum Members on how meetings should take place from September.

ACTION: BUSINESS ADVISOR (SCHOOLS)

561. SCHOOLS FORUM MEMBERSHIP – CHAIR AND VICE CHAIR

The Business Advisor (Schools) reported that, as per the Forum's agreed management procedures, the terms of office of the Chair and Vice Chair are for 1 year and both positions are now up for renewal. Members were asked to approve the standard proposed approach (by email) for the collection of nominations and for the election of the Chair and Vice Chair of the Schools Forum for the 2021/22 academic year.

Responding to a question asked by a member, the Chair stated that she would be willing to be re-elected as Chair for a further year, but also that, as she will be retiring from the Schools Forum at July 2022, she would be happy if another member wished to put themselves forward at this time or if the Forum wished to look more closely in the autumn at handover arrangements prior to July 2022. The Vice Chair stated that he will not be putting himself forward for Chair. He is willing to continue as Vice Chair for 2021/22 but would also be happy if another member wished to put themselves forward at this time.

Resolved – That the established approach (by email) be followed for the collection of nominations and for the election of the Chair and Vice Chair of the Schools Forum for 2021/22.

ACTION: BUSINESS ADVISOR (SCHOOLS)

562. SCHOOLS FORUM MEMBERSHIP

The Business Advisor (Schools) presented the report, **Document MZ**, which provided an update on the Forum's membership and composition. This report also presented the annual update of the Forum's Conduct of Meeting and Procedures document (Appendix 2). Forum Members were asked to consider and to approve Appendix 2.

The Business Advisor explained that an updated membership list (Appendix 1), including the names of new members, will be presented to the September meeting. All new members will be formally introduced to the Forum at this meeting.

Following a question from a member, the Business Advisor clarified that the word "no" is missing from the provision at 3.7, meaning that the correct provision is that there is "no specific term of office" in reference to non-schools membership for the trades unions.

Members did not have any other comments and did not ask any further questions.

Resolved –

(1) That the information provided in the report be noted.

(2) That Appendix 2 (Forum Conduct of Meetings and Procedures) for the 2021/22 academic year be approved (with the clarification of "no" specific term of office provided within provision 3.7).

ACTION: BUSINESS ADVISOR (SCHOOLS)

563. DEDICATED SCHOOLS GRANT OUTTURN BALANCES (2020/21)

The Business Advisor (Schools) presented the report, **Document NA**, which provided the initial confirmation of carry forward balances held within the Dedicated Schools Grant at the close of the 2020/21 financial year.

Within his presentation, the Business Advisor explained why the Forum is being asked to agree the transfer of £0.078m of balance on a one off basis from the Schools Block to the Central Schools Services Block (CSSB). He reminded the Forum that the pressure in Pupil Admissions, which has caused the CSSB deficit, was highlighted in the January 2021 meeting and that the 2021/22 CSSB planned budget has been increased in response to this pressure. An Academies Member enquired whether the Forum will be asked again to write off a deficit from the CSSB for this reason. The Business Advisor explained that the Authority will be looking to ensure that sufficient budget is provided for within the DSG CSSB planned budget allocation going forward, so that the pressure in Pupil Admissions is managed positively within the available CSSB budget, rather than having to be managed retrospectively.

Members did not have any other comments and did not ask any further questions.

Resolved –

(1) That the information provided in the report be noted.

(2) The Schools Forum approves the transfer of £0.078m to the Central Schools Services Block (CSSB) of surplus balance held within the Schools Block in order to write off the deficit balance held within the CSSB at 31 March 2021.

ACTION: BUSINESS ADVISOR (SCHOOLS)

564. MAINTAINED SCHOOLS' OUTTURN (REVENUE BALANCES) 2020/21

The Business Advisor (Schools) presented the report, **Document NB**, which provided an overview of the position of revenue balances held by maintained schools at 31 March 2021.

Following the presentation of the report, Members asked a number of questions regarding the deficit held by a maintained secondary school. The Business Advisor explained that work to control and manage this deficit is on-going. He clarified, emphasised by the Deputy Director, Education and Learning, that the Schools Forum (the Dedicated Schools Grant) will not be asked by the Authority to contribute any funding to this situation other than the sums already agreed and provided for. Members engaged in a discussion about whether or not a confidential item should be included on the agenda of the September Schools Forum meeting, so that members can discuss the school's position in more detail. After some discussion, it was agreed that, as the Authority has given the assurance that no further requests will be made for DSG funding, that such an agenda item is not necessary (nor appropriate to role of the Schools Forum).

Resolved – That the information provided in the report be noted.

565. REVIEW OF SPEECH AND LANGUAGE THERAPY FUNDED BY THE HNB

The Strategic Commissioning Manager, supported by the Strategic Manager, Integrated Assessment, presented the report, **Document NC**, which asked the School Forum for its feedback on the review of, and proposed changes to, the Speech and Language Therapy (SLT) provisions for resourced provisions funded through the High Needs Block from September 2021.

It was clarified that, as a result of the proposal, the High Needs Block's contribution to SLT services would increase to £271,660 (annual from September 2021) and that this increase is affordable within our 2021/22 High Needs Block planned budget.

Members responded positively to this report and asked the following main questions and made the following main comments:

- As the funding of therapies can sit between the High Needs Block and health, and as SLT supports both educational and continuing care needs, the clarity of respective responsibilities, especially with reference to support for dysphasia, must be improved within EHCPs. Has the Authority had any conversations with health services about this? The Strategic Manager, Integrated Assessment, responded to agree that dysphasia is a crucial aspect of review in this area and he will support the member in future discussions on this issue in respect of special schools. He added that the CCGs have provided funding for 2 additional officers and, in the new academic year, there will be a programme of review to improve the specificity of section G within EHCPs.
- There have been issues with the delivery of SLT services in schools due to maternity leave and holiday absences not being covered. There needs to be a clearer mechanism for complaints about service delivery to be raised and resolved. The Deputy Director, Education and Learning, agreed that contractually agreed services must be delivered and that the Authority is working to tighten contracts to support this. The Strategic Commissioning Manager offered that schools be given a point of contact in the commissioning team to raise service issues for resolution.
- What is the status of the resolution of the wider issues (that have been discussed with the Schools Forum in recent meetings) regarding health's contribution to its statutory continuing care responsibilities; it seems as if these discussions have gone silent? The Deputy Director responded to explain that these discussions are continuing and the SLT report demonstrates this. She added that the CCGs are currently going through change and that this re-structure is presenting the opportunity for the Authority to clarify responsibilities and resolve issues.

Resolved –

(1) That the information provided in the report be noted.

(2) That the Forum supports the increase in the High Needs Block budget for Speech and Language Therapy, from £181,882 to £271,660 in 2021/22.

566. MATTERS CONCERNING THE EARLY YEARS BLOCK

The Business Advisor (Schools) presented the report, **Document ND**, which provided an update on matters relating to the Early Years Block. This report, in particular, also included

a response to the action recorded from the 10 March Forum meeting, that a report be presented to enable the Schools Forum to analyse the impact of the COVID-19 situation on early years entitlement funding in schools in the spring term 2021, from which the Forum will be asked to further consider the request submitted by a Forum Member for the Local Authority to protect the early years entitlement funding in schools that closed or that restricted attendance.

The Forum was asked to support the Authority's response to this request, that no further protection for schools / academies that chose to close or to restrict attendance in the spring term 2021 be provided.

Following the Business Advisor's initial presentation of the report, the member who requested that this matter be considered stated that this recommendation should not be supported. He emphasised that: whilst schools may have closed, they still delivered education and had salaries expenditure to meet: schools have lost a sizeable amount of funding in total (£1m) that they need in their budgets to support their children now: it was not safe in all schools for early years provision to remain open over the spring term: the Authority and the Schools Forum have provided financial support for other schools and for other circumstances and protection should be provided here.

Following lengthy discussion of the report, which included points of clarification, and also some discussion about how to record the Forum's formal view, the Schools Forum decided by vote (with Schools & Academies Members voting) to support the Authority's recommendation to not provide protection, with 10 members voting for the recommendation and 1 member voting against.

Resolved –

(1) That the information provided in the report be noted.

(2) That the Forum supports the conclusion and recommendation of the Local Authority, that no further protection for schools / academies that chose to close or to restrict attendance in the spring term 2021 be provided. Confirmed by the vote of Schools & Academies Members (voting 10 for: 1 against the recommendation).

567. DFE ANNOUNCEMENTS, CONSULTATION & IMPLICATIONS FOR THE DSG

The Business Advisor (Schools) updated the Schools Forum verbally on the key announcements that are currently outstanding concerning the Dedicated Schools Grant and wider formula funding arrangements. He explained that the Authority had anticipated that these key announcements (especially on the outcomes of the national SEND and Alternative Provision reviews) would have been made prior to the Forum's July meeting. Subject to these announcement being made, and their timing, it is now anticipated that a report will be presented to the Forum in September.

Members did not have any comments and did not ask any questions.

Resolved – That the information provided be noted.

568. FORMULA FUNDING DEVELOPMENT 2022/23

The Business Advisor (Schools) presented a report, **Document NE**, which provided an overview / introduction to local formula funding review priorities for 2022/23.

Responding to a question from the Chair, the Business Advisor explained that the Early Years Working Group (EYWG) is being re-convened before the summer with the specific limited purpose of deciding PVI Representation on the Schools Forum. The EYWG will be convened again in September to begin discussions about the funding of the early years entitlements for the 2022/23 financial year. Interested Forum members will be invited to join the EYWG in September.

Members did not have any other comments and did not ask any further questions.

Resolved –

(1) That the information provided in the report be noted.

(2) That Forum Members be invited to (remotely) attend a ‘Formula Funding Working Group’ session, on Tuesday 28 September (8am) or Wednesday 29 September (8am) or Tuesday 5 October (8am).

569. SCHOOLS FORUM STANDING ITEMS

No further updates were provided.

No resolutions were passed on this item.

570. AOB / FUTURE AGENDA ITEMS

The Chair explained that 3 long-standing members are retiring from the Schools Forum at the end of this meeting: Kevin Holland, Trevor Loft and Ian Murch.

On behalf of the Forum, she expressed her thanks to them, highlighting their commitment to the Bradford District, over a long period, and their contributions to work of the Schools Forum over many years, including review, discussion and development that has taken place within meetings, sub-groups and behind the scenes.

Resolved – That the Schools Forum records its thanks to the members retiring from the Forum after the July meeting (Kevin Holland, Trevor Loft and Ian Murch).

571. DATES OF FUTURE MEETINGS

The next Forum meeting is planned for Wednesday 15 September 2021. The planned dates of meetings for the 2021/22 academic year in full are as follows:

- Wednesday 15 September 2021, 8am
- Wednesday 13 October 2021, 8am
- Wednesday 8 December 2021, 8am
- Wednesday 12 January 2022, 8am
- Wednesday 19 January 2022, 8am PROVISIONAL MEETING
- Wednesday 9 March 2022, 8am
- Wednesday 18 May 2022, 8am
- Wednesday 6 July 2022, 8am

Note: These minutes are subject to approval as a correct record at the next meeting of the Forum.

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THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

SCHOOLS FORUM AGENDA ITEM

For Action

For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report follows from the report presented to the July meeting and provides a further update on Schools Forum membership. As there a number of new members attending the Forum for the first time, this report also reminds members of the Forum’s statutory powers and highlights how the Forum makes resolutions and takes decisions.

Date (s) of any Previous Discussion at the Forum

Bradford Schools Forum’s Conduct of Meetings document and membership arrangements are subject to annual review. These were most recently presented and reviewed on 7 July 2021 (Document MZ).

Background / Context

Whilst there is scope for local practice, schools forums in every local authority are governed by national Regulations, which provide a structure for membership and also a ‘minimum standard’ in matters relating to meeting frequency, meeting accessibility and decision making.

The DfE publishes good practice guidance for Local Authorities and for Schools Forum members to follow.

Most recently presented to the 7 July 2021 Schools Forum meeting, the Authority has a ‘conduct of meetings and procedures’ document, which is annually reviewed and which explains in more detail our Forum’s membership arrangements, how meetings are organised and accessed and other matters, including those relating to the Forum’s decision making.

Details of the Item for Consideration

Following on from the 7 July report, Appendix 1 now presents the full current membership of Bradford’s Schools Forum at September 2021. This membership list is published on the Forum’s website.

We would like to welcome to the Schools Forum the members newly taking their positions at this meeting. The Authority will shortly invite members to an induction. As there a number of new members attending the Forum for the first time, and as we are at the beginning of the 2022/23 Dedicated Schools Grant (DSG) and formula funding consultation and decision making cycle, it is helpful to remind all members of the Forum’s statutory powers and how these relate to the Local Authority’s powers. These are summarised by the DfE in its good practice guidance, presented at Appendix 2.

It is also helpful to highlight, from our own conduct of meetings document, how the Forum makes its recommendations and takes decisions. Referring to section 5:

- 5.1 Only Maintained Schools and Academy members, and the representative of PVI providers, can vote on matters relating to formula funding. Decisions will be recorded by voting. Non Schools members can participate in discussions on formula funding but do not have voting rights, with the exception of the representative of PVI providers, who does have voting rights when decisions on formula funding are taken.
- 5.2 Decisions on “de-delegation” of Dedicated Schools Grant (DSG) for services, contingencies and for other permitted activities, from the Schools Block in respect of maintained primary and secondary schools, must be made on a phase by phase basis, with the Maintained Schools member representatives from primary and secondary taking separate decisions only for their own phases. Decisions will be recorded by voting. Other Schools and Academies members, and Non Schools members, including the representative of PVI providers, can participate in discussions on de-delegation, but these members do not have voting rights.
- 5.3 Decisions on retaining funding for statutory duties relating to maintained schools must be taken only by maintained primary, secondary, special and PRU members. Decisions will be recorded by voting. Other members can participate in discussions on these matters, but they do not have voting rights.

Details of the Item for Consideration

- 5.4 The minutes of meetings will record the outcomes of any voting.
- 5.5 All other decisions relating to the allocation of the DSG, and to other school finance matters tabled at the Forum, including on recommendations that are made by the Forum's sub-groups, will be taken by all members on the basis of reaching consensus, wherever possible. Voting (to determine a majority view) will be used where consensus is not achieved.

In practice (referring to provisions 5.1 and 5.5, which is the majority of the Forum's business), it has been most common for Bradford's Schools Forum to make its recommendations and to take decisions, on DSG allocation and formula funding matters where phase-led voting is not specifically required e.g. for de-delegated funds, via achieving consensus rather than by voting. This practice has come from a long-standing guiding principle of our Schools Forum, which is that members represent their sectors, acting as conduits for the collection of feedback from, and for the expression of views of, their sectors, combining together for the benefit of the Bradford District and for Bradford's whole community of schools, academies and providers.

Implications for the Dedicated Schools Grant (DSG) (if any)

No direct implications.

Recommendations

Recommended – The Schools Forum is asked to consider and to note the information provided.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Schools Forum Membership composition September 2021
Appendix 2 – The Forum's powers and duties (extracted from the DfE's good practice guide)

Contact Officer (name, telephone number and email address)

Andrew Redding, Business Advisor (Schools), School Funding Team
01274 432678
andrew.redding@bradford.gov.uk

Ref	Name of Member	Schools or Non-Schools Member	Membership Group	Location / School / Org	Term of Office End Date
1	Sian Young	Schools & Academies Member	Maintained Nursery Schools - Headteacher	Executive Headteacher St Edmund's Nursery School & Lilycroft Nursery School	Jul-22
2	Bev George	Schools & Academies Member	Maintained Nursery Schools - Governor	Governor, Hirst Wood Nursery School	Jul-23
3	Kirsty Ratcliffe	Schools & Academies Member	Pupil Referral Unit (maintained)	Headteacher, Park PRU	n/a
4	Bryan Harrison	Schools & Academies Member	Maintained Primary Schools - Headteacher	Headteacher Miriam Lord Primary School	Jul-22
5	Nicky Kilvington	Schools & Academies Member	Maintained Primary Schools - Headteacher	Executive Headteacher Carrwood Primary School & Stocks Lane Primary School	Jul-22
6	Dianne Richardson	Schools & Academies Member	Maintained Primary Schools - Headteacher	Headteacher Swain House Primary School	Jul-22
7	Graham Swinbourne	Schools & Academies Member	Maintained Primary Schools - Headteacher	Headteacher Stanbury Primary School	Jul-22
8	Sara Rawnsley	Schools & Academies Member	Maintained Primary Schools - Headteacher	Headteacher, Newby Primary School	Jul-23
9	Kathryn Swales	Schools & Academies Member	Maintained Primary Schools - Headteacher	Headteacher, Girlington Primary School	Jul-23
10	Emma Hamer	Schools & Academies Member	Maintained Primary Schools - Governor	Governor Carrwood Primary School	Jul-22
11	Ian Morrel	Schools & Academies Member	Maintained Secondary Schools - Headteacher	Headteacher Titus Salt School	Jul-22
12	Lyndsey Brown	Schools & Academies Member	Maintained Special Schools - Headteacher	Headteacher Oastler School	Jul-23
13	Currently vacant	Schools & Academies Member	Maintained Special Schools - Governor	Currently vacant	Jul-23
14	Richard Bottomley	Schools & Academies Member	Academies - AP Academy	Principal, Bradford Alternative Provision Academy Central	n/a
15	Dominic Wall	Schools & Academies Member	Academies - Academy Special School	Principal Co-op Academy Southfield (Special School Academy)	Jul-22
16	Sir Nick Weller	Schools & Academies Member	Academies	Dixons Academies Trust	Jul-22
17	Tehmina Hashmi	Schools & Academies Member	Academies	Bradford Academy	Jul-22
18	Helen Williams	Schools & Academies Member	Academies	Moorlands Learning Trust	Jul-22
19	Wahid Zaman	Schools & Academies Member	Academies	Nurture Academies Trust	Jul-22
20	Carol Dewhirst OBE	Schools & Academies Member	Academies	Bradford Diocesan Academies Trust	Jul-22
21	Deborah Howarth	Schools & Academies Member	Academies	Bronte Academies Trust	Jul-22
22	Brent Fitzpatrick OBE	Schools & Academies Member	Academies	Exceed Academies Trust	Jul-22
23	Ashley Reed	Schools & Academies Member	Academies	Bradford Diocesan Academies Trust	Jul-22
24	Mathew Atkinson	Schools & Academies Member	Academies	Priestley Academies Trust	Jul-23
25	Michael Thorp	Schools & Academies Member	Academies	Pennine Academies Yorkshire	Jul-23
26	Heather Lacey	Schools & Academies Member	Academies	Shirley Manor Primary Academy	Jul-23
27	Victoria Birch	Schools & Academies Member	Academies	Beckfoot Trust	Jul-23
28	Andrew Morley	Schools & Academies Member	Academies	Blessed Christopher Wharton Academies Trust	Jul-23
29	Gillian Simpson-Morris	Non-Schools Member	Private, Voluntary & Independent Early Years	Acorns in Eldwick Nursery	Jul-23
30	Currently vacant	Non-Schools Member	16-19 Providers	Currently vacant	Jul-23
31	Tom Bright	Non-Schools Member	Trades Unions	Trades Unions - Teaching	n/a
32	Donna Willoughby	Non-Schools Member	Trades Unions	Trades Unions - Non Teaching	n/a
33	Irfan Alam	Non-Schools Member	Officer for Vulnerable Children	Deputy Director Children's Services	n/a
34	Not Taken (currently vacant)	Non-Schools Member	Roman Catholic Diocese (Bradford)	Not Taken (currently vacant)	n/a
35	Not Taken (currently vacant)	Non-Schools Member	Church of England Diocese (Bradford)	Not Taken (currently vacant)	n/a
36	Junaid Karim	Non-Schools Member	Council for Mosques (Bradford)	Council for Mosques (Bradford)	n/a

Summary of Membership Composition at September 2021

Total no. of Memberships	36
Total no. of Schools & Academies Memberships	28
<i>Within this - no. of maintained school Memberships</i>	13
<i>Within this - no. of academies Memberships</i>	15
Total no. of Non-Schools Memberships	8
% of Schools Members to Non-Schools Members	78%
Total no. of Governor Memberships (maintained)	3

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Schools forum powers and responsibilities

A summary of the powers and responsibilities of schools forums.

Function	Local authority	Schools forum	DfE role
Formula change (including redistributions)	Proposes and decides	Must be consulted [voting restrictions apply - see schools forum structure document] and informs the governing bodies of all consultations	Checks for compliance with regulations
Movement of up to 0.5% from the schools block to other blocks	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
Contracts (where the LA is entering a contract to be funded from the schools budget)	Proposes at least one month prior to invitation to tender, the terms of any proposed contract	Gives a view and informs the governing bodies of all consultations	None

Function	Local authority	Schools forum	DfE role
Financial issues relating to: <ul style="list-style-type: none"> • arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding • arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding • arrangements for early years provision • administration arrangements for the allocation of central government grants 	Consults annually	Gives a view and informs the governing bodies of all consultations	None
Minimum funding guarantee (MFG)	Proposes any exclusions from MFG for application to DfE	Gives a view	Approval to application for exclusions

Function	Local authority	Schools forum	DfE role
De-delegation for mainstream maintained schools for: <ul style="list-style-type: none"> contingencies administration of free school meals insurance licences/subscriptions staff costs – supply cover support for minority ethnic pupils/underachieving groups behaviour support services library and museum services School improvement 	Proposes	Maintained primary and secondary school member representatives will decide for their phase. Middle schools are treated according to their deemed status	Will adjudicate where schools forum does not agree LA proposal
General Duties for maintained schools <ul style="list-style-type: none"> Contribution to responsibilities that local authorities hold for maintained schools (please see operational guide for more information) 	Proposes	Would be decided by the relevant maintained school members (primary, secondary, special and PRU).	Adjudicates where schools forum does not agree LA proposal
Central spend on and the criteria for allocating funding from: <ul style="list-style-type: none"> funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy 	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> • funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years 			
<p>Central spend on:</p> <ul style="list-style-type: none"> • early years block provision • funding to enable all schools to meet the infant class size requirement • back-pay for equal pay claims • remission of boarding fees at maintained schools and academies • places in independent schools for non-SEN pupils • admissions • servicing of schools forum • Contribution to responsibilities that local authorities hold for all schools 	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
<p>Central spend on:</p> <ul style="list-style-type: none"> • capital expenditure funded from revenue – projects must have been planned and decided on prior to April 2013 so no new projects can be charged • contribution to combined budgets – this is where the schools forum agreed prior to April 2013 a 	Proposes up to the value committed in the previous financial year and where expenditure has already been committed.	Decides for each line	Adjudicates where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<p>contribution from the schools budget to services which would otherwise be funded from other sources</p> <ul style="list-style-type: none"> existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged) prudential borrowing costs – the commitment must have been approved prior to April 2013 	<p>Read establishing local authority DSG baselines for more information.</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>Decides</p>	<p>None, but good practice to inform forum</p>	<p>None</p>
<p>Scheme of financial management changes</p>	<p>Proposes and consults the governing body and Head of every school</p>	<p>Approves (schools members only)</p>	<p>Adjudicates where schools forum does not agree LA proposal</p>
<p>Membership: length of office of members</p>	<p>Decides</p>	<p>None (but good practice would suggest that they gave a view)</p>	<p>None</p>
<p>Voting procedures</p>	<p>None</p>	<p>Determine voting procedures</p>	<p>None</p>

Function	Local authority	Schools forum	DfE role
Chair of schools forum	Facilitates	Elects (may not be an elected member of the Council or officer)	None

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report presents the DfE's consultation on the proposed transition towards the 'hard' National Funding Formula, which was published on 8 July 2021. Appendix 2 presents the Authority's proposed response to this consultation. The Forum is asked to consider whether it wishes to support the Authority's response or to submit its own response.

Date (s) of any Previous Discussion at the Forum

The DfE's transition to National Funding Formula has been a matter that has been regularly considered by the Schools Forum since 2016. National Funding Formula (NFF) has been a prominent feature of the Authority's and the Forum's consideration of our local formula funding approaches and DSG management since 2016.

Background / Context

The DfE in 2018/19 implemented the National Funding Formula (NFF) across the Dedicated Schools Grant (DSG), and within the Schools Block in 'soft' format, meaning that local authorities can still decide the formulaic calculations used for distributing Schools Block funding to mainstream primary and secondary schools and academies, albeit within tight Regulations. Local authorities continue to set their own Growth Fund and Falling Rolls Fund arrangements. There currently are also elements of Schools Block funding that are not yet covered by the NFF, the most prominent of these being the funding of PFI (Building Schools for the Future).

The DfE has always stated its longer-term intention to transition to a 'hard' formula approach, where Schools Block formula allocations will be calculated by the DfE, using a single national funding formula, which cuts across local authority boundaries, where local authorities no longer decide their own local formula funding arrangements.

The DfE has now launched a new first-stage consultation to gather initial views on how to complete the transition to the hard National Funding Formula. This is a rather high-level consultation, focusing on general approaches and principles, to be followed by a more detailed set of proposals and further consultation. Within the document, the DfE specifically states that how Schools Block funding will support SEND will be affected by the current national reviews, the outcomes of which are still to be published. Therefore, we are still missing the detail that is required in order for us to assess the impact of the DfE's proposals on Bradford. The 2nd stage of consultation, together with the separate SEND and Alternative Provision review publications, will be crucial for our understanding and modelling.

This first-stage consultation sets out a direction of travel starting from April 2023 at the earliest. As such, what is being proposed does not directly affect our 2022/23 financial year formula funding and DSG budget setting cycle. However, we will wish to ensure that, in our decision making for 2022/23, we continue to take an approach that will minimise any turbulence that might be caused by the final transition to the hard NFF in the near future.

Details of the Item for Consideration

Please see Appendix 1, which is a response drafted by the Local Authority. Members are asked to consider whether this response reflects the feedback members would wish to give and, if it does not, to propose additions and amendments. If it wishes, the Forum can submit its own response.

To highlight some further key points on proposals as these impact on Bradford:

- There isn't much surprise. We already know the DfE's stated aim is to adopt within the Schools Block a 'hard NFF' run by central DfE. In anticipation of this, we have already moved to using the NFF for our local Schools Block formula (since 2018). So much of what the DfE proposes about requiring authorities to move closer to the NFF from April 2023 isn't an immediate worry in terms of us needing to manage substantial levels of change. Our concerns here are more related to Schools Block cost control during the final transition period.
- The consultation now doesn't deviate at all from the DfE's previously stated aim and, in fact, seeks to move to a hard NFF to the fullest extent possible – effectively replacing all local Schools Block funding arrangements that are currently managed by local authorities – not just formula funding but PFI, Growth Fund and Falling Rolls Fund. There are potential difficulties with what the DfE is proposing in principle, which the DfE doesn't give any answers to in this consultation at this stage. The document regularly talks about review work to come and finding 'alternative mechanisms'.

Details of the Item for Consideration

- One of the biggest potential risks for us here is the funding of PFI (Building Schools for the Future) within the Schools Block, where the Council and individual schools and academies have contractual commitments. The DfE recognises that this is an area of potential difficulty and specifically states that change to PFI funding won't take place until 2024/25 at the earliest (whereas the DfE talks about 2023/24 for other factors). We would wish to be involved in the DfE's PFI review work.
- There is no fixed end date by which hard NFF will be implemented. Change will happen gradually and following impact review at each stage from April 2023.
- Early Years and High Needs funding will remain managed by local authorities.
- Under the Schools Block hard NFF, the Local Authority will have continued responsibilities for providing certain pieces of data to the DfE so that it can calculate allocations e.g. for falling rolls, growth, split sites. We ask in our proposed response whether it would be better instead (and more timely and responsive) to allow local authorities to continue to manage these funding streams (especially Growth and Falling Rolls) according to criteria set by the DfE.
- How central local authority functions that are currently funded within the Central Schools Service Block (CSSB) operate is to be reviewed. This may lead to substantial changes, including to the CSSB being transferred into the Local Government Finance Settlement rather than remaining within the DSG. There is a general risk here that reform of the CSSB may mean that authorities lose funding (including by not receiving appropriate annual uplifts linked to specific pupil-led pressures) and / or lose the clarity on how much funding is being specifically allocated for critical education services, such as pupil admissions.
- The Schools Forum will have an adjusted role in the future, as there will be no further Schools Block activity to manage, but will still be an important local body going forward for early years, for high needs, for central services, and for responding to national consultations.
- The question is asked again (as appeared back in consultation in 2016) about whether funding for maintained schools should now be calculated on an academic year basis to align with academies. The DfE says this is an 'open question' to assess the 'appetite' for this change. There will be obvious financial accounting implications for us and for our maintained schools if this was to happen.
- Multi Academy Trusts will continue to have flexibility to pool some formula funding to distribute this between the academies within the MAT differently from notional NFF allocations.

Implications for the Dedicated Schools Grant (DSG) (if any)

The outcomes of this consultation will likely directly influence the direction of travel, from April 2023, of the Schools Block and of the Central Schools Services Block, with the detailed implications to be presented by the DfE in a 2nd stage of consultation to come. The transition to hard NFF as proposed may have wider implications for the central retention / management of DSG funding and for de-delegation within the Schools Block. This consultation also signals reform of the role of the Schools Forum in the future.

Recommendations

Recommended -

- (1) The Schools Forum is asked to consider the implications of the DfE's movement to 'hard' National Funding Formula and to note the information provided in the report.**
- (2) The Forum is asked to consider whether it wishes to support the Authority's response or to submit its own response to the DfE's consultation.**

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Copy of the DfE's consultation document.
Appendix 2 – The Local Authority's draft response.

Contact Officer (name, telephone number and email address)

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Department
for Education

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

Government consultation

Launch date 8 July 2021

Respond by 30 September 2021

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Foreword by the Minister of State for School Standards



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

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

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

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

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

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

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

A handwritten signature in black ink, 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.

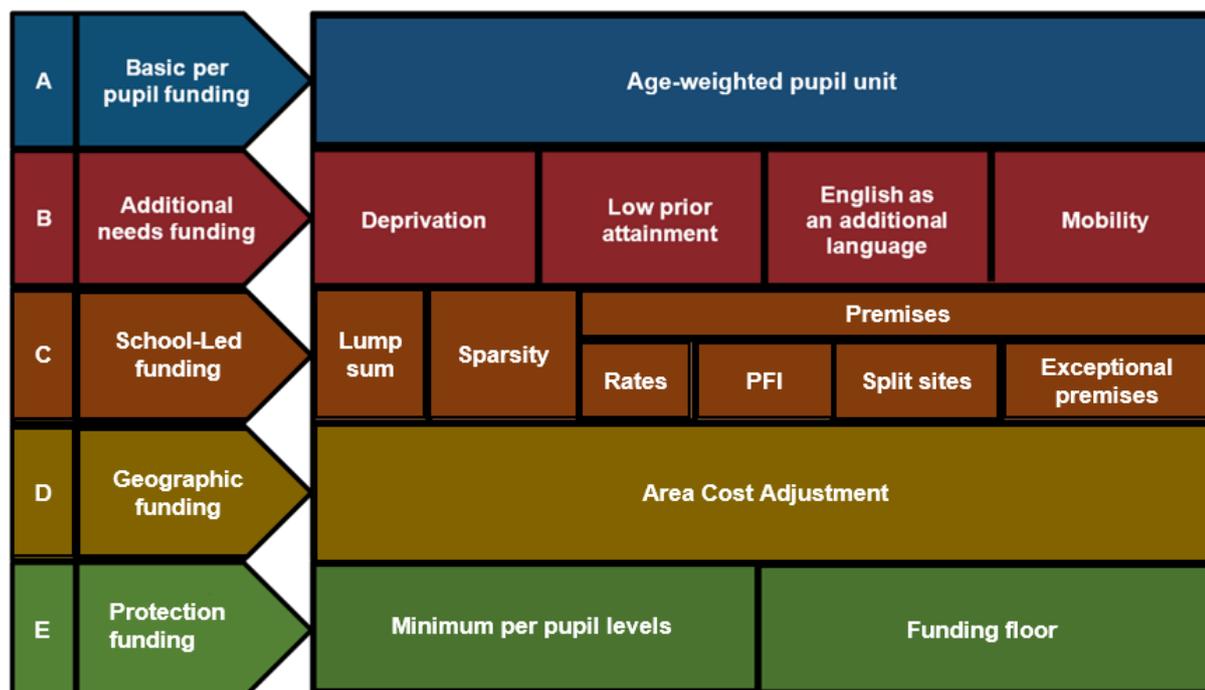
The introduction of the NFF means that funding is now being allocated between different local areas fairly, and by reference to need, rather than historic spending levels. As we set out at the time, the previous funding system meant that local areas with a higher proportion of pupils with additional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

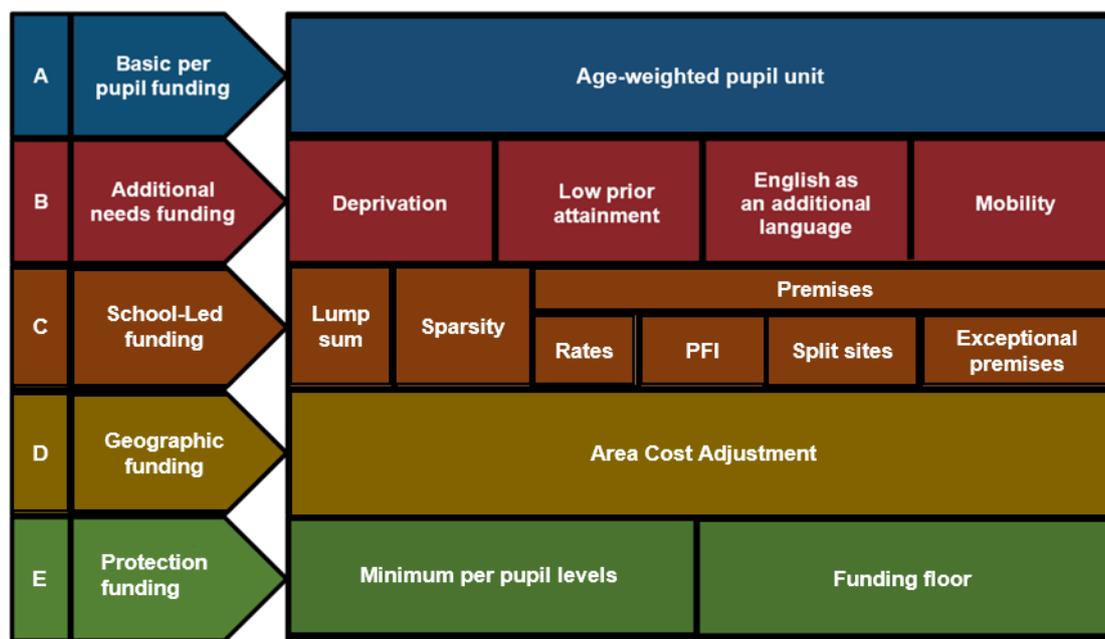
Overall design of the formula

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 	Decides	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>Central spend on:</p> <ul style="list-style-type: none"> • high needs block provision • central licences negotiated by the Secretary of State 	None, but good practice to inform forum	Retain – but we will review how the LA role on central spending on high needs block provision will apply following SEND Review proposals
<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 	Gives a view	<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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Document NG Appendix 2

Response proposed to the DfE's National Funding Formula Consultation

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

- Yes
- No
- Unsure

a. Yes, but with caveat.

Recognising how the current system sits, the idea of incorporating all pupil-led and school-led factors into the single national formula is a sensible one. The Department would need to communicate early its intentions for the following years' NFF values to ensure that effective planning can take place at local level and to meet the additional stated aim of making funding efficient and predictable.

However, there are areas that the Department must more closely consider, to ascertain whether a single national factor, without the opportunity for local adjustment, provides for the best solution / the best fit. For example, and of greatest concern to Bradford, it is likely to be difficult to implement a single national PFI factor that accurately and fairly funds authorities for PFI costs. The facility, which currently enables the transfer of monies from the Schools Block to the High Needs Block, would be removed following the proposed transition to hard NFF and this is also a specific point of concern.

In the language the current consultation uses, it is evident that there is a significant amount of formula development work still to take place. In this context, where demonstrably a single national formula approach 'does not work', we ask that the Department considers the options for retaining appropriate elements of local control, within a national formula funding approach, rather than seeking to 'force' a single solution for the sake of meeting an initially stated aim.

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

- a. It is reassuring to see that the Department will consult further on changes to the PFI factor and recognises that this is a complex area to reform. The varying nature of cost and scale between local authorities means that it may be difficult to find a 'one-size fits all' approach. As a bottom line, reform of the PFI factor must not detrimentally affect the ability of any local authority or individual school or academy to meet its contractual obligations. This might suggest that the NFF PFI factor will need to contain within it some form of minimum protection, even after any transitional period.

As an authority with PFI, we would very much like to input into the PFI factor review, as appropriate, at the earliest opportunity.

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

- Yes
- No
- Unsure

a. **Yes.**

As these two funds have a direct relationship with core NFF-led funding, it makes sense to seek to apply standard criteria to their allocation.

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

a. Allocations will still depend on collecting information from local authorities, which is a continued administrative burden and should be recognised as such. This data collection risks generating more administration but also more lag, due to the fact that any Growth Fund adjustment made in the following April will be an extension to the current delay of allocating the correct amount for that year. Where the Department proposes to standardise the criteria for the Growth Fund, determining and paying allocations could instead be passed to local authorities, who would use the standardised criteria. This may potentially better allow schools to receive more timely allocations.

Data used for the calculation of the Falling Rolls Fund is quite changeable (subject to longer term numbers forecasts) and the timing of any collection of data must be considered closely. Again, in the interests of minimising administration and lag, local authorities could be given responsibility to allocate FRF monies using criteria set by the DfE.

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

- Yes
- No
- Unsure

a. **No.**

Since 2018, transitioning to the NFF should have become an active consideration for all authorities and this should now especially be a consideration for authorities that have yet take significant steps towards 'mirroring' the NFF.

However, all local authorities need time to plan changes from this point on, to avoid excessive turbulence, and it will be beneficial for the changes that authorities must make to be introduced in stages. If the Department is keen to implement the NFF in the medium term, local authorities should be required to move to use the NFF factors. However, we would question whether to have this completed by 2023/24 is the correct time-frame to follow. We would suggest that consideration is given to allowing authorities to manage this movement over 2 more years from this point i.e. for 2024/25. This will allow time for authorities to take incremental steps across both 2022/23 and 2023/24. Moving too quickly may simply increase the number of schools and academies placed onto the Minimum Funding Guarantee or onto the

Minimum Per Pupil Funding Level top up, which may have consequences for their funding under the hard NFF going forward should these two protections be significantly amended.

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

- Yes
- No
- Unsure

a. **Yes.**

Generally, as an Authority that is currently 'mirroring' the NFF, we have no strong opinion on this proposal. However, we would wish to reinforce our response to question 5, that although closer movement should be an active consideration, all local authorities need time to plan changes from this point on, to avoid excessive turbulence, and it will be beneficial for the changes that authorities must make to be introduced in stages. Taking incremental steps to move closer to the NFF over 3-4 years would fit with this.

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?

- Yes
- No
- Unsure

a. **Unsure.**

As an authority that is currently 'mirroring' NFF, we have no strong opinion on this from a 'scale of movement' point of view. However, we do have concern about how all authorities will have flexibility to manage their Schools Block affordability over the transition period. Currently, authorities can ensure that their Schools Block arrangements stay within funding by amending their formula values. If restrictions are placed on the extent to which these values can be adjusted, this may cause difficulties for authorities in managing the overall cost of their formula arrangements. This may also affect how cost reduction adjustments are 'fairly and evenly' managed. For example, authorities might be required to disproportionately reduce the funding of schools on the Minimum Funding Guarantee, or increase the level of any ceiling (or introduce one), in order to stay within budget, as reducing the level of the MFG or increasing (or introducing) the ceiling may be the only mechanisms available to reduce formula funding cost.

A critical question for us is, how will the Department's arrangements allow flexibility for authorities to manage Schools Block affordability over the transition period?

The Department must consider whether an enforced change of too great a size in one go would create future dependency, on the Minimum Funding Guarantee and / or on some form of ceiling arrangement.

The Department must also consider, and advise authorities further asap, on how Schools Block reserves (or underspends from this point onwards) can be released through formula funding under threshold arrangements. As an authority currently mirroring the NFF, we understand that we will not be permitted

to 'overshoot' the NFF, meaning that we will not be permitted to allocate available Schools Block reserves, or under-spends from this point, into our formula. The Department should provide further guidance to authorities on how Schools Block DSG reserves and under-spends can be used in the run up to the hard NFF, presuming that reserves will no longer be needed once hard-NFF is fully implemented.

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?

a. Please also see our response to question 7. The threshold should be set to allow all authorities sufficient flexibility to 'fairly and evenly' manage overall Schools Block affordability over the transition period. This includes the flexibility to absorb the additional cost of formula funding at local level that comes from the annual data lag (lag between the census and other data used by the DfE to determine authority-level Schools Block allocations and the census and other data that must be used to calculate individual school and academy formula budget shares).

The Department should also consider issuing guidance to local authorities on how they will be able to allocate DSG reserves or under-spends that may not be required to be held under hard-NFF arrangements in the future. Too tight a threshold might not permit the release of this funding appropriately.

The DfE's consultation recognises that block transfers out of Schools Block would be prohibited under the hard-NFF and that sustainable funding models for other blocks would need to be implemented. We suspect that, in their responses, a number of authorities will raise concerns about thresholds over the transition period with reference to High Needs Block affordability. We would echo these concerns and there needs to be flexibility to manage this.

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

- Yes
- No
- Unsure

a. **Yes.**

As an Authority that is currently 'mirroring' NFF, we have no strong opinion on this. However, this smaller adjustment would be a way of taking managed incremental steps towards the hard-NFF.

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

- Yes
- No
- Unsure

a. **Unsure.**

The Department has recognised that small sparse schools required additional support, has amended the way in which sparse schools are defined and has increased the amount payable to sparse schools. As stated

repeatedly in our previous consultation responses, the Department must now look at the ways the hard-NFF will better support small urban schools, which face many similar issues relating to the management of fixed costs; whether this is by simply increasing the lump sum provided for under the hard-NFF or by an additional small school protection factor.

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?

a. Our more considered response will need to wait for more detailed proposals.

We would wish to ensure, in making any changes, that the Department has fully worked through the knock-on consequences of its proposals, ensuring that sufficient funding continues to be allocated to authorities, in a fair manner and uplifted for specific pressures relating to education services (rather than just uplifted for general inflation measures). We would suggest that there also needs to continue to be some mechanism for identifying and ring-fencing this funding within the LGFS (so that sufficiency can be reviewed and challenged if necessary).

There is a general risk in transferring the CSSB to the LGFS that this specific funding is 'lost' and will be used for services other than those previously intended. How would a CSSB transfer affect the current spending ring-fencing, and 'fair and equal' condition requirements; would these be retained?

A transfer would be a rather substantial policy change and more detail needs to be provided by the Department to enable our fuller response. Transfer is likely to require careful gradual transition and early warning.

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

- Yes
- No
- Unsure

a. **No.**

An aim of the NFF is to secure equality and fairness nationally irrespective of local decision making. We accept that there will need to be further transition. However, on a general basis, to continue to fund individual authorities that have historically taken DSG-related actions, when other authorities have either managed circumstances differently or have met costs differently (including from general funds), feels be unfairly rewarding some authorities over others. We would not agree with a replacement legacy grant that would provide continued advantage in these circumstances.

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

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

a. Disagree.

We answer this question with the understanding that we would have the opportunity to provide another response (in the next stage of consultation) should this proposal be taken forward and should more detailed options be presented. Currently, we do not have any appetite for such a change.

We also answer this question on the understanding that this isn't a lead towards the Department seeking to move all aspects of maintained school finance (Y/E, CFR Reporting etc) onto an academic year basis. We would strongly disagree with this.

Whilst it may be nationally administratively beneficial for the DfE / ESFA to seek to align the hard-NFF funding for both maintained schools and academies, the movement to the management of the funding of maintained schools on an academic year basis, whilst maintained school financial accounts continue on the current financial year basis, will result in substantial knock on changes, which would have to be 'squared' by local authorities.

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?

- a. The Department certainly must assess the impact of the additional lag in funding for maintained schools that would be created by changing the funding cycle onto an academic year basis. Currently, maintained schools only see a 7-month lag between data and funding. The movement to a full year of lag, on an academic year basis, will likely generally be viewed by maintained schools as a negative rather than as a positive change to the funding system (reduces responsiveness).

Document NH Appendix 1

Dedicated Schools Grant 2022/23 – Briefing Note

This briefing note is written following the DfE's announcement of 2022/23 Dedicated Schools Grant (DSG) arrangements made on 19 July 2021. Please read this note alongside Appendix 2 (the DfE's summary policy document). Please also read Document NG (the DfE's consultation on the transition to 'hard' National Funding Formula).

1. **2022/23 will be the fifth year of National Funding Formula (NFF).** The DfE records that progress continues to be made by local authorities towards mirroring the Schools Block NFF in their formula funding arrangements at local level.
 - a. 73 (out of 150) authorities in 2021/22 directly mirrored the NFF within the Schools Block at local level. We were one of these.
 - b. 105 authorities in total in the last four years have moved closer to NFF and are now within 1% of NFF variable values.
 - c. 88 authorities in 2021/22 set a Minimum Funding Guarantee (MFG) within the Schools Block at positive 2.0%. We were one of these.
2. Other points to highlight in 2021/22 Schools Block formula funding arrangements:
 - a. 12 authorities used the Reception Uplift factor. We did not use this factor in 2021/22 but we are considering using this on a one off basis in 2022/23 (in spending the carried forward primary-phase monies).
 - b. 126 authorities set their notional SEND values at between 5% and 15% of Schools Block funding. The national median average was 10.7%. Bradford was 14.3% in 2021/22. There remains significant variation between local authorities in how notional SEND budgets are defined. This is an issue that is expected to be picked up in the national SEND review.
 - c. 31 authorities declared some form of SEND Funding Floor / Targeted Additional SEND funding arrangement. We were one of these. This is a matter that is also expected to be picked up in the national SEND review.
 - d. 23 authorities declared a Falling Rolls Fund. We were one of these.
3. With the exception of the difficulties that may be caused by a later / delayed announcement of Early Years Block funding arrangements, there are no changes for 2022/23, which appear to affect our normal consultation and decision making processes. **The expected Dedicated Schools Grant (DSG) allocation and decision making timetable for 2022/23 is as follows.**
 - a. The October 2021 and January 2022 Censuses will be completed as normal.
 - b. The ESFA's high needs places setting exercise for academies and FE providers will be conducted as normal in the first part of the autumn term.
 - c. The Authority expects the Forum to agree its recommendations on the 2022/23 DSG allocation and formula funding arrangements at its meeting to be held on 12 January 2022.
4. **At the time of writing this briefing note, the Early Years Block settlement and entitlement funding arrangements for 2022/23, including the position of the protected funding of maintained nursery schools, are**

still to be announced. It is unlikely that the Early Years Block settlement will now be confirmed before the second half of the autumn term. As in 2021/22, this later / delayed announcement is likely to affect the timing of our consultation on local early years entitlement funding arrangements for 2022/23. Our consultation may not be completed until the spring term (and after the January Schools Forum meeting).

Given that the Schools Block and High Needs Block settlements for 2022/23 are similar to those of this current year, we might speculate that the Early Years Block settlement for 2022/23 will also be similar. This would mean in the region of 1.3% to 1.5% increases in Early Years Block funding rates. We will begin to discuss our entitlement funding options and arrangements with the Early Years Working Group on this basis. However, the DfE has not yet said anything about the continuation or otherwise of the protection for maintained nursery schools, meaning that it is difficult at this time to begin to pull together more considered recommendations in respect of this specific aspect of Early Years Block funding for 2022/23.

5. The main core technical basis of the Dedicated Schools Grant and the National Funding Formula (NFF) within the Schools, High Needs and Central Schools Services Blocks continues in 2022/23.

The guiding restrictions and flexibilities regarding cross-block movements and the proportions of delegated vs. central spending remain as 2021/22. The framework for de-delegation within the Schools Block is unchanged.

The scope of the NFF within these three blocks also remains as 2021/22. This means that the non-NFF basis of funding premises factors and Building Schools for the Future (PFI) within the Schools Block remains the same as in 2021/22. This is specifically highlighted because PFI funding has been identified by the Schools Forum as an area to monitor.

The DfE's High Needs Block operational guidance has confirmed that the values of place-led funding (£10,000; £6,000 etc) and the positions of the other main 'levers' of the high needs place-plus funding system, including notional SEND arrangements, remain unchanged in 2022/23. We understand that any changes in the DSG that may come from the DfE's call for evidence and national EHCP, SEND and Alternative Provision reviews will not be implemented before April 2023 at the earliest, following consultations still to come.

6. There are some technical changes to specific NFF factors and to the data sources of factors within the Schools Block, which follow from DfE consultations that took place earlier in the year.

- a. The proposed changes to the sparsity factor (including increased rates of funding and use of road-distances rather than 'as the crow flies') are enacted. This does not impact on Bradford as no primary nor secondary school nor academy qualifies for sparsity funding. There are no changes to the mechanisms for supporting small urban schools.
- b. Data on pupils who have been eligible for Ever6 Free School Meals (FSM6) has initially been taken from the October 2020 Census, rather than from the January 2020 Census, to bring this in line with the Pupil Premium Grant. This is a change, which affects the funding the Authority receives at Schools-Block level in 2022/23, rather than the Ever6 FSM funding received by individual schools and academies (which will reference the October 2021 Census still to be collected). Possibly the more significant driver of change in FSM-based formula funding, for individual primary and secondary schools and academies in 2022/23, will be the difference between current FSM levels measured in the October 2021 Census vs. the October 2020 Census. It is expected that schools and academies generally will record larger numbers of children as eligible for FSM in October 2021 than they recorded in October 2020. This may have implications for individual school and academy formula funding allocations (which may increase) but may also have

implications for the affordability of our formula arrangements. This is because, at Schools-Block level, the Authority is funded based on FSM data referencing the October 2020 Census. However, schools and academies will be funded using FSM data referencing the October 2021 Census. **This lag of Schools-Block level funding behind individual school / academy data, in the context of the impact of COVID-19 on FSM numbers this year, may cause issues for the affordability of our final formula funding arrangements in 2022/23. This lag has been present in previous years, but we may find that the scale of this is greater in 2022/23.** The extent to which the higher cost of FSM funding is offset by other factors (including low prior attainment – see below) and / or is offset by the Minimum Funding Guarantee (MFG) and / or by the Minimum Levels of Funding (MFL), will not be confirmed until the October 2021 dataset is released by the DfE in December. The management of this issue is a matter that we wish to monitor and to discuss with the Schools Forum during the autumn within our consultation proposals.

- c. In calculating low prior attainment proportions for individual schools and academies, data from the 2019 Early Years Foundation Stage Profile and Key Stage 2 tests will be used as a proxy twice, for 2020 and 2021 tests, for reception / year 1 and year 7 / year 8 cohorts, following the cancellation / incompleteness of assessments due to COVID-19. 2019 data will effectively be used 3 times. As 2019 attainment was generally higher, we expect that this will mean that the funding received by primary and secondary schools and academies via the low prior attainment factor in 2022/23 will reduce. The MFG and the MFL will kick in as appropriate to protect funding levels for individual schools and academies and the reduction of cost in this factor may offset increases in the FSM factors, as described above, and may help us to manage overall affordability.
 - d. There is a minor change to the data source for summer term 2020 (using individual start dates between January and May 2020) for the pupil mobility factor, to reflect that the May 2020 Census was not taken due to COVID-19.
 - e. Further to the consultation on changes to the payment processes relating to school business rates, business rates will be paid by the ESFA to billing authorities directly on behalf of all state funded schools, including academies, from April 2022. This is a technical change relating to how rates payments are made. We will provide further guidance to schools and academies shortly.
7. Following the consultation earlier in the year (which was discussed with the Schools Forum in March), **the DfE has adjusted the historic spend factor within the High Needs Block, to replace 50% of budgeted spend in 2017/18 with 50% of actual spend in 2017/18.** As a result of this change, our High Needs Block funding for this factor has reduced by £1.66m from £29.37m to £27.71m. This 'loss' however, is captured within the overall High Needs Block funding increases presented below.
 8. The overall national **High Needs Block settlement** for 2022/23 provides a 9.6% increase on 2021/22. Authorities will receive minimum growth of 8% per pupil and maximum 11% per pupil.

On current estimates, our High Needs Block allocation in 2022/23 is £101.18m, which is £8.75m higher than received in 2021/22 (an increase of 9.5% in cash terms). Our allocation in previous years has been reduced by the cap (which is 11% per pupil in 2022/23). However, due to the adjustment explained in paragraph 7, our allocation in 2022/23 is not reduced by the 11% per pupil cap. For reference, if we were funded on the 11% cap, we would have received an additional £0.6m in 2022/23 (so this effectively is the final lower material impact of the £1.66m adjustment explained in paragraph 7).

This growth in funding, as in 2021/22, will be allocated to cover three main pressures a) growth in the cost of provision (from inflation and pay award) funded through the top-up, b) growth in the number of EHCPs and in the needs of pupils with EHCPs and in placement costs reflected by banding (and stacking) and c) continued expansion of high needs places capacity as well as of central support services capacity in response to increased demand.

Authorities continue to be permitted to transfer up to 0.5% of the Schools Block to the High Needs Block in 2022/23 with the approval of the Schools Forum. **We did not put forward a proposal for transfer in 2021/22 and, in the context of our High Needs Block settlement, we do not anticipate proposing a transfer in 2022/23.**

9. The overall national Central Schools Services Block (CSSB) settlement for 2022/23 provides a c. 3% increase on 2021/22, with a ceiling on gains through the on-going responsibilities element set at 5.6% per pupil. Bradford's increase is 4.97% per pupil. Our funding for historic commitments has reduced by a further 20% and so our allocation through this factor has reduced by £0.06m to £0.225m.

We estimate that our CSSB allocation in 2022/23 in total will increase by c. 2.8% in cash terms (+ £0.1m) to £3.51m. This is based on a calculation, which estimates that the total number of pupils in primary and secondary schools, that will be recorded in the October 2021 Census, will be reduced on the number recorded in October 2020.

The impact of demographic reduction on DSG funding is an emerging characteristic within the 2022/23 settlement. Whilst pupil numbers continue to increase in the secondary phase, numbers in the primary phase and in early years provisions are forecasted to reduce, to the extent that we are likely to see over the next few years an overall net reduction in the total number of DSG funded pupils. This is a matter that we have begun to discuss with the Schools Forum e.g. in Early Years entitlement funding arrangements and in Falling Rolls Fund work, and will wish to continue to discuss as this may have quite wide DSG implications.

Reducing numbers, as well as having implications for the funding received by schools, academies, early years and other providers, and their sustainability, will potentially mean that there is less 'headroom' available within our DSG settlements going forward than we have had historically, meaning that less money may be available for meeting emerging spending pressures, or for sustaining current levels of delivery, especially within the Central Schools Service Block and within the High Needs Block, where there are fixed budget contributions to school-support services and to other centrally managed costs.

10. **The overall national Schools Block settlement for 2022/23 provides a 3% increase on 2021/22.** Most of the NFF variable rates are broadly increasing by 3%, though the NFF variable values have been rounded and this affects the % increases at individual factor level. Also of note, the flat FSM variable is increasing by only 2% and the Minimum Per Pupil Funding levels for both the primary and secondary phases are also only increasing by 2%.

On current estimates, Bradford's Schools Block allocation in 2022/23 is £481.30m, which is £11.26m higher than in 2021/22 (an increase of 2.40% in cash terms). Within this, we estimate that there will be c. 140 fewer children recorded in total in primary and secondary mainstream schools and academies in the October 2021 Census than recorded at October 2020. We also estimate that our funding for pupil numbers growth (via the DfE's growth factor) will reduce by c. £0.60m.

11. The Government's commitment to increasing the minimum levels of funding per pupil for mainstream primary and secondary schools and academies continues within the 2022/23 settlement. However, notably, the values of

the minimums have been uplifted by only 2% and not by 3% in line with the overall NFF settlement. The minimums in 2022/23 are:

- a. **Primary £4,265** (increased from £4,180)
- b. **Secondary £5,525** (increased from £5,415).

These minimums continue to be mandatory and are therefore, not subject to local consultation.

12. **As in 2021/22, authorities are permitted to set the Minimum Funding Guarantee (MFG) for primary and secondary mainstream formula funding in the Schools Block between positive 0.5% and positive 2.0%. On current indicative modelling, we anticipate being able to propose a 2.0% MFG, but with the caveat and concern to understand further the impact of data lag as explained in paragraph 6.**

Forum members will recall how important the level of the MFG is, in particular, to our mainstream primary phase.

In summary, in 2021/22:

Primary phase: 99 out of 156 schools (64%), including academies, were funded on the Minimum Funding Guarantee. 40 schools were funded at the £4,180 minimum per pupil level.

Secondary phase: 9 out of 31 schools (29%), including academies, were funded on the Minimum Funding Guarantee. 3 schools were funded at the £5,415 minimum per pupil level.

All through academies: 1 out of the 4 academies (25%) was funded on the Minimum Funding Guarantee. All of these academies were funded above their composite minimum per pupil funding levels.

In total, 109 out of 191 schools and academies (57%) were funded on the Minimum Funding Guarantee. This was reduced from 133 (70%) in 2020/21.

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Department
for Education

The national funding formulae for schools and high needs

2022-23

July 2021

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Background

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

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

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

The national funding formula for schools

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

Increasing funding factor values

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

Supporting small and remote schools

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

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

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

Further changes to NFF factors

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

Completing our reforms of the national funding formula

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

Key features of the local funding formulae

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

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

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

Factor values and total spend in 2022-23

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

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

The national funding formula for high needs

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

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

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

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

The national funding formula for central schools services

The central schools services block in 2022-23

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

Ongoing responsibilities

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

Historic commitments

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

Equalities Impact Assessment

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

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

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

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

Schools NFF

Increasing the “core” NFF factors by 3%

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

Increasing the minimum per pupil levels

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

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

Increasing the funding floor

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

Supporting small schools

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

Technical changes to the NFF

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

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

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

High needs NFF

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

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

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

Central School Services Block NFF

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

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

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

Overall impact

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

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

Overall design of the formula

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

Figure 2 - Current NFF Funding Factors

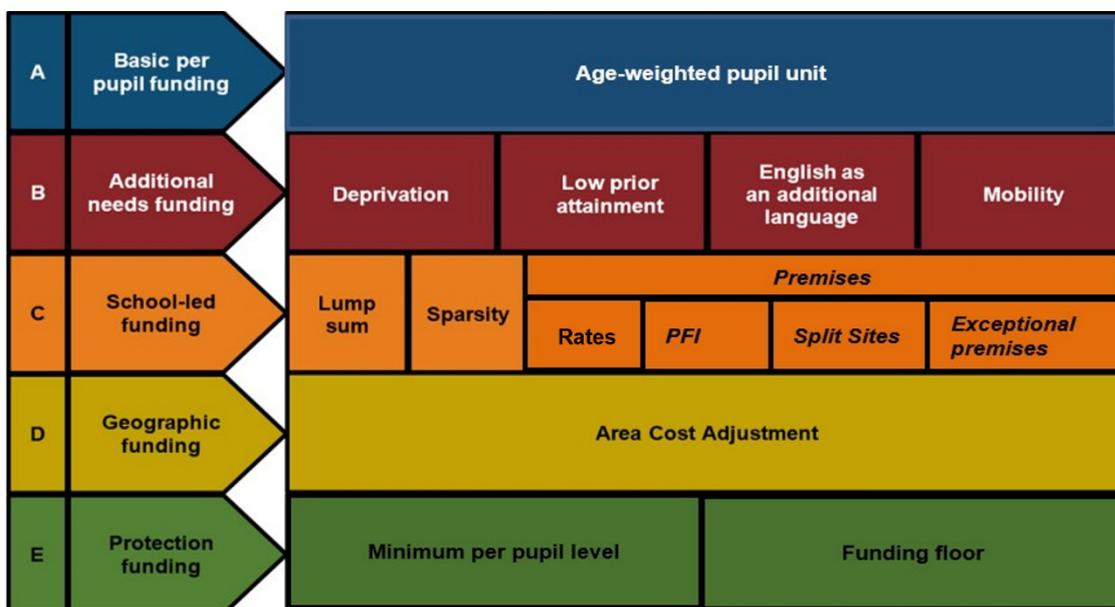


Figure 2: This illustrates the factors that are taken into account when calculating schools block DSG funding allocations through the NFF. It is not to scale. PFI, Split sites and Exceptional Premises factors are allocated to local authorities on the basis of historic spend.

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

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

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

Pupil led factors

Basic per pupil funding

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

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

Additional needs factors:

Deprivation

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

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

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

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

Low Prior Attainment

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

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

English as an additional language

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

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

Mobility

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

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

School-led factors

Lump Sum

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

Sparsity funding

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

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

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

Premises

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

Growth funding

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

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

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

Area Cost Adjustment

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

Protective elements of the NFF

Minimum per pupil levels

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

The funding floor

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

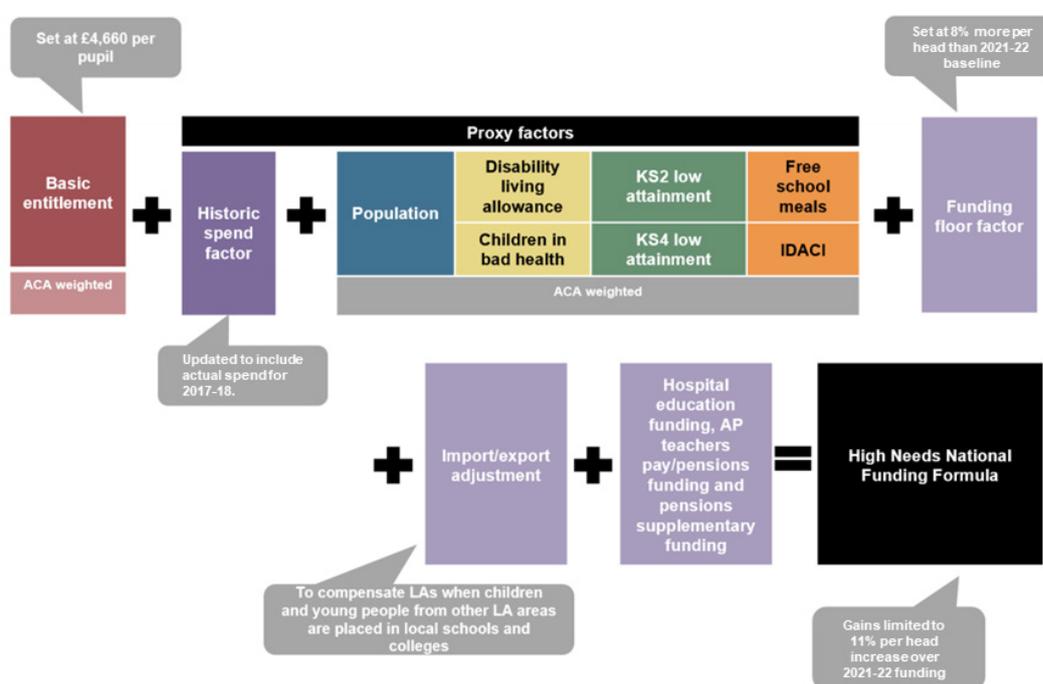
⁷ These funding levels includes £180 for primary year groups and £265 for secondary year groups added to the grant in 2021-22 to reflect the rolling in of previous pay and pensions grants into the NFF.

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

Overall design of the formula

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

Figure 3 – the structure of the high needs NFF



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

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

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

Figure 4 – factor weightings in the high needs NFF

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

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

⁸ [National funding formula tables for schools and high needs: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94422/nff_tables_2022_to_2023.pdf)

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

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

Introduction

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

Responses received

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

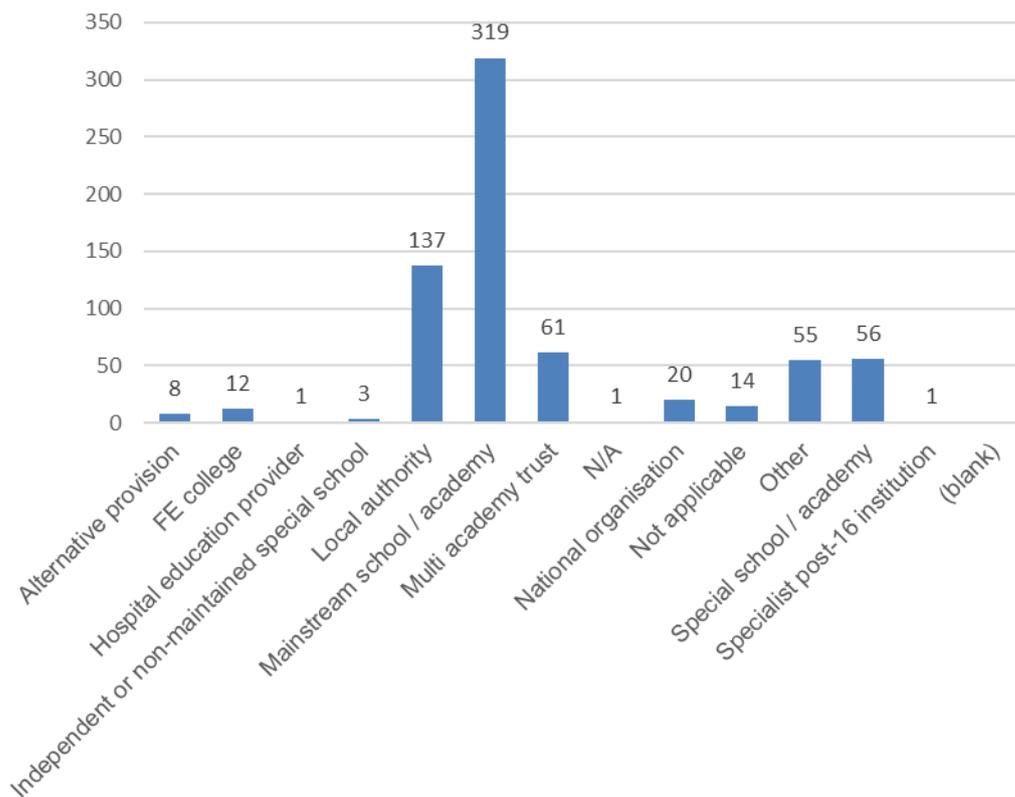


Figure 5: respondents to the high needs consultation grouped by organisation

6. Geographically, respondents were located in 139 different local authorities and district councils. There were only 15 authorities in which no respondents identified themselves. Respondents within some authorities, however, provided more responses than in others. The local authorities that respondents were most commonly located within were Kingston upon Hull (56), then Wiltshire (41) and Salford (35).
7. All 688 respondents answered questions 1-4 on the historic spend factor reform proposals and the low attainment factor. 472 respondents (69%) also provided an answer to question 5 which requested suggestions for new SEND proxy factors. Question 6, which related to the equalities impact of the proposals, received 235 comments – however many of these were general comments rather than those relating specifically to our proposals.

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

Summary of consultation proposals

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

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

Response to the consultation

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

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

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

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

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

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

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

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

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

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

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

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

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

21. As there was no clear consensus in the responses, and no clear advantage in either an increase or a decrease in the percentage, we have opted to **keep the historic spend factor at 50%** for the 2022-23 high needs NFF.
22. Local authorities' actual spend in 2017-18 was, on average, higher than their planned spend, and we will increase the total allocated through the historic spend factor accordingly. However, we will continue to keep the historic spend factor in 2022-23 at the cash level recorded in 2017-18 (that is, we will not uplift the actual spend figures from 2017-18 in line with inflation); and we will continue to base each authority's allocation through the historic spend factor at 50% of their spend in 2017-18. Taken together, this will mean that the overall weighting of the historic spend factor within the formula will continue to reduce, as total high needs funding increases: the weighing of the historic spend factor in the 2022-23 high needs NFF is 32%, down from 34% in 2021-22.

Question 3: finding an alternative to the historic spend factor

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

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

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

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

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

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

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

Attainment data used in the funding formula

Summary of consultation proposals

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

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

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

Response to consultation

Question 4: attainment data used in the funding formula

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

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

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

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

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

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

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

Equalities impact assessment

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

Response to consultation

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

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

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



Department
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SCHOOLS FORUM AGENDA ITEM

For Action

For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report outlines the working principles that are being considered for the development of Bradford's formula funding arrangements for 2022/23.

Date (s) of any Previous Discussion at the Forum

These principles have not yet been considered specifically for 2022/23 but follow from principles established in the Forum's previous formula funding recommendations and decision making.

Background / Context

This report follows from Documents NG and NH. These principles are considered prior to the finalisation of the Authority's formal proposals for formula funding arrangements for 2022/23. The Authority expects consultation reports to be presented to the Schools Forum at the next meeting, with these consultations being published immediately after. Following this timetable, responses to these consultations will be considered by the Forum at its December meeting. The Schools Forum will be required to make its final recommendations on 2022/23 DSG and formula funding arrangements at its January 2022 meeting. However, Members are asked to note that the consultation on early years entitlement funding arrangements may be delayed due to the timing of the announcement of the Early Years Block settlement and the publication of operational guidance.

As we set out in July 2021 (Document NE), we expect that our recent decisions will inform how we will respond to announcements concerning 2022/23 DSG and formula funding arrangements and changes.

Recently within the Schools Block we have:

- Moved to fully mirror the DfE's National Funding Formula (NFF) for mainstream formula funding (we did this at April 2018). We would expect to continue to mirror NFF in 2022/23, subject to affordability.
- Identified how significant decisions about the Minimum Funding Guarantee (MFG) will be going forward for the formula allocations received by individual mainstream schools and academies, especially in the primary phase. This is again likely to be a key recommendation for the Forum to make for 2022/23. We set the MFG at the maximum positive 2.0% in 2021/22. Forum Members are reminded that a sum of £0.917m of primary-phase headroom is carried over from 2021/22 and we have indicatively discussed using this to include the Reception Uplift factor for the primary phase within our 2022/23 formula on a one off basis.
- Identified issues related to falling rolls and to under-subscription. We established a Falling Rolls Fund for the primary phase in 2019/20.
- Identified the funding of PFI (BSF) as an area to watch in the development of the Schools Block NFF.
- Not transferred monies from the Schools Block to the High Needs Block since 2019/20.

Recently within the Early Years Block:

- We began to reduce the proportion of our 3&4-year-old Early Years Single Funding Formula (EYSFF) that is allocated via the Deprivation & SEND supplement, with the intention to reduce this down over 3 years from 9.5% to the average of our statistical neighbours, currently rounded at 6%, in support of maximising our Universal Base Rate. However, recognising the impact of the COVID-19 pandemic, we did not take the planned second step (to reduce from 8% to 7%) in 2021/22 and this is a matter for review for 2022/23.
- We have continued to allocate reserves (one off monies from brought forward balances) held within the Early Years Block to protect the value of the 3&4-year-old Universal Base Rate at its current year level of £4.25 per hour. We must continue to discuss how our EYSFF and Early Years Block arrangements can most effectively but sustainably support the early years sector in its delivery of the entitlements going forward, recognising that reserves can only be spent once and also recognising that demographic trends are forecasted to result in a reduction in early years numbers.
- We implemented at April 2019 an amended Early Years Inclusion Fund supporting emerging SEND.
- We have identified the critical significance of pending DfE decisions concerning the continuation of the Maintained Nursery School Supplement.
- We are currently exploring the introduction of a new single Bradford Provider Gateway for all providers to use to submit all their entitlement delivery information to the Authority. We aim to pilot this Gateway during 2021/22 with a view potentially to rolling this out for 2022/23. This new Gateway will allow us to consider whether, at an appropriate time, our early years entitlement counting arrangements should adjust to be more responsive to changes in numbers within each term.

Background / Context

Recently within the High Needs Block:

- At April 2020, we introduced a new Banded Model for the allocation of 'top up' funding for EHCPs. We also introduced a new Day Rate Model for the funding of the PRUs / Alternative Provision Academies for pupils permanently excluded. These models were consolidated and uplifted in 2021/22.
- For mainstream schools and academies, we introduced for 2021/22, in trial for one year pending review, an amended SEND Funding Floor. The operation of this Floor will be a specific point of review for 2022/23.
- Since the introduction of the National Funding Formula, we have chosen not to adjust our definition of Notional SEND, but we have identified that this definition does need closer attention, including with reference to changes that may be directed following the DfE's national SEND review.
- Linking to this, we have identified the critical significance, for the development of our financial models, of the pending DfE publications and consultations on the outcomes of the national SEND and Alternative Provision reviews.
- We have reviewed and re-shaped responsibilities, between the High Needs Block and mainstream schools and academies, in respect of the funding of alternative provision.
- We presented a DSG Management plan to the Schools Forum (13 January 2021) and we have identified within this how the sufficiency of the High Needs Block settlements going forward are crucial to the affordability of our continued development of high needs place capacity and of our funding models.

Each autumn the Local Authority, with the agreement of the Schools Forum, publishes 3 separate consultations on DSG management and formula funding arrangements for the following year:

- Schools Block – this consultation presents proposals for the formulae to be used to calculate budget shares for mainstream primary and secondary schools and academies, for the criteria to be applied in the allocation of the Growth Fund and the Falling Rolls Fund, and also asks for feedback from maintained schools on Schools Block de-delegated funds.
- Early Years Block – this consultation presents proposals for Bradford's Early Years Single Funding Formula, which is used to allocate funding for the delivery of the 2, 3 and 4-year-old entitlements.
- High Needs Block – this consultation presents proposals for Bradford's Place-Plus funding system to be used to allocate High Needs Block funding, including top-up funding, to schools, academies and to other providers.

As discussed in Documents NG and NH, the development of the National Funding Formula (NFF) for the Schools and High Needs Blocks is critical to our medium to longer term DSG financial planning as well as to how we shape our formula funding decisions for 2022/23.

The purposes of this report are to set out the thoughts and principles that are being developed for formula funding and DSG Block management for 2022/23, to check with the Schools Forum that 'we are on the right lines' and to allow Forum members to provide feedback and direction in advance of more formal consultation documents being presented.

Forum Members are invited to (remotely) attend a 'Formula Funding Working Group' session, on Tuesday 28 September (8am) or Wednesday 29 September (8am) or Tuesday 5 October (8am). As in previous years, these sessions will enable Forum Members to consider in more detail the impact of national formula funding decisions and to explore and guide the proposals for 2022/23 for Bradford's Schools and High Needs Block formula funding arrangements that are anticipated will be set out for consultation in October.

The Authority is currently convening the Early Years Working Group to consider more closely our early years entitlement funding arrangements for 2022/23 in advance of the DfE's Early Years Block announcements. Interested Forum members are invited to attend this group.

The Authority will contact the District Achievement Partnership to arrange to discuss directly the proposals for the continuation of EHCP Banded Model (the special school funding formula) for 2022/23.

Early Years Block & the Early Years Single Funding Formula 2022/23

At the time of writing this report, the national Early Years Block settlement and formula funding arrangements for 2022/23, including the position of the funding of maintained nursery schools, are still to be announced. This means that we cannot begin yet to formulate final proposals for EYSFF arrangements. However, we can set out the principles we expect to follow, and we can identify specific points for review and discussion, which we will shortly begin to consider with the Early Years Working Group.

Details of the Item for Consideration

We are currently considering our approach for 2022/23 with reference to:

- We will need to closely consider the implications of the DfE's national SEND reviews on the early years sector and on entitlement funding arrangements, when the outcomes of these reviews are known. This however, is likely to have implications for April 2023 onwards rather than for 2022/23.
- Regarding our Early Years SEND Inclusion Fund (EYIF), we anticipate that we will continue to apply in 2022/23 our current EYIF approach, with 2 year olds also continuing to be eligible, subject to any changes directed by the DfE in its operational guidance. We anticipate also proposing to retain our Disability Access Funding (DAF) at the increased rate of £1,000.
- We need to closely consider the forecast and impact of the reducing birth rate in Bradford and how the Early Years Single Funding Formula (EYSFF) might support providers. This is also linked to COVID-19 pandemic educational and financial recovery strategies.
- Although we are currently exploring the introduction of a new single Bradford Provider Gateway for all providers (including schools and academies) to use to submit their entitlement delivery information, and although the introduction of this will provide opportunities for us to explore again the pros and cons of a counting arrangement that is more sensitive to the movement of children and fluctuations in numbers during the year, we anticipate that any changes in our EYSFF counting arrangements would be proposed at the earliest within our consultation for the 2023/24 financial year rather than for next year. We are likely to propose to continue our existing termly counting arrangement in 2022/23.
- Critically, we need to continue to closely consider how we maximise the values of the funding rates that providers receive, incorporating the continued use of one off balances (reserves). Given that the Schools Block and High Needs Block settlements for 2022/23 are similar to those of this current year, we might speculate that the Early Years Block settlement will also be similar. If correct, this would mean in the region of 1.3% to 1.5% increases in Early Years Block funding rates. These increases would not provide much flexibility for new investment or for substantial increases in provider funding rates in 2022/23.
- Critically, in this context, we also must consider how we can maximise the rates of funding received by providers whilst also ensuring that our EYSFF remains affordable. Within the 2021/22 planned budget, we are using an estimated £0.65m of reserves to meet the cost of our EYSFF arrangements. Although this position is based on estimates, it is indicative of an unsustainable position for the longer term.

There are a number of linking matters to consider in respect of this situation:

Firstly, we must re-assess how the cost of the early years centrally managed SEND and high needs activities, that was transferred from the Early Years Block to the High Needs Block in 2021/22 on a one off basis, is now apportioned on an on-going basis between these two blocks. Whilst we anticipate that the vast majority of the Early Years Block will continue to be spent on funding that is passed out to providers, we need to ensure that early years SEND support costs are appropriately charged.

Secondly, we need to review the proportion of our 3&4-year-old Early Years Single Funding Formula (EYSFF) that is allocated via the Deprivation & SEND supplement. One of the reasons for the £0.65m estimated overspending this year is that the Deprivation and SEND funding rates that providers receive in Bradford, in addition to the 3&4-year-old Universal Base Rate, are on average higher than the rates found in other authorities. We currently spend 8% of our EYSFF on deprivation, whereas, for example, the average of our statistical neighbour authorities is 6%. In 2020, we agreed to reduce our deprivation spending from 9.5% to 6.0% in 3 steps over 3 years. We took the first of these steps in 2020/21, reducing spend from 9.5% to 8.0%. However, due to the COVID-19 pandemic, we did not reduce from 8% to 7% in 2021/22 as originally planned; we retained spending at 8%. A 1% reduction is roughly worth £0.40m. Given the context of the COVID-19 pandemic, we are minded to be very cautious about reducing at this time funding allocated to support children from more deprived backgrounds. However, if it is agreed that deprivation spending should not be reduced further at this time, then it is likely that adjustments will be needed in other parts of the EYSFF to compensate e.g. the 3&4-year-old Universal Base Rate may not be increased by as much as it would otherwise have been. This 'interplay' between the different elements of the EYSFF will be considered in more detail with the Early Years Working Group.

Thirdly, we need to look closely at the cost of our 2-year-old entitlement funding arrangements. Since the beginning of the 2-year-old entitlement, we have fully passed through to providers the rate of funding we receive from the DfE for the 2-year-old entitlement. In 2021/22, we received £5.36 per hour and we fund providers for delivery at £5.36 per hour. However, due to the profile of numbers, the 2-year-old entitlement is increasingly costing us more than the funding we receive from the DfE. We also give eligible 2 year olds access to the Early Years Inclusion Fund without charging the cost of this to the 2-year-old entitlement funding we receive from the DfE. This has been a deliberate policy. Essentially, funding we receive from

Details of the Item for Consideration

the DfE for the 3&4-year-old entitlement is beginning to more significantly subsidise the cost of the 2-year-old entitlement. We need to consider this position in more detail, either accepting that there is a subsidy or, alternatively, taking steps to control / reduce this subsidy e.g. by adjusting the 2-year-old funding rates to help pay for EYIF access. In any event, we do expect in 2022/23 to continue to fund the 2-year-old entitlement on a single flat rate per hour without any additional supplements.

Fourthly, given the competing pressures here between existing EYSFF elements, as concluded in recent years, we do not anticipate proposing to introduce any further funding supplements (such as for flexibility) into our 3 & 4-year-old EYSFF in 2022/23. New supplements would only dilute further both the Universal Base Rate and the Deprivation & SEND rates at a time when we see our priority to be to maximise the values of these existing rates.

- The funding of maintained nursery schools is still subject to critical announcements to come from the DfE about the continuation of the specific supplement funding, which authorities currently receive in recognition that maintained nursery schools have a higher cost base and have historically received higher levels of funding. The position is only clear up to the end of March 2022. This is a critical issue, not just for the maintained nursery schools themselves, but also for the commitment on the reserves held within the Early Years Block (which might be needed to support protection and / or transition rather than being available for other purposes). If the DfE confirms the continuation of the existing supplement for 2022/23, and also confirms that authorities have continuing flexibility to allocate this, we anticipate proposing to extend our existing nursery school funding arrangements into 2022/23. If the DfE announces “something else” however, then we would need to consider options more closely and we will discuss these directly with the maintained nursery school sector in advance of forming final proposals for wider consultation.

High Needs Block and Place-Plus Funding

Whilst we still await the publication of the outcomes of the national SEND and Alternative Provision reviews, which are likely to have implications from April 2023, the High Needs Block settlement for 2022/23, as well as the DfE’s High Needs Block operational guidance for local authorities, have been published.

The High Needs Block operational guidance confirms the continuation of the existing technical funding system, and confirms that the value of place-led funding (£10,000) and that the positions of the other main ‘levers’ of the high needs place-plus funding system, including the £6,000 threshold and notional SEND arrangements, remain unchanged in 2022/23.

On current estimates, our High Needs Block allocation in 2022/23 is £101.18m, which is £8.75m higher than received in 2021/22 (an increase of 9.5% in cash terms). This represents a continued (3rd year of) substantial increase in the funding available to us to meet high needs pressures. This growth in funding, as in 2021/22, will be allocated to cover three main pressures a) growth in the cost of provision (from inflation and pay award) funded through the top-up, b) growth in the number of EHCPs and in the needs of pupils with EHCPs and in placement costs, reflected by banding (and stacking) and c) continued expansion of high needs places capacity as well as of central support services capacity in response to increased demand. How the increase will be allocated across these pressures will be further discussed with the Schools Forum across the autumn and early spring terms.

Authorities continue to be permitted to transfer up to 0.5% of the Schools Block to the High Needs Block in 2022/23 with the approval of the Schools Forum. We have not put forward a proposal for transfer since 2019/20 and, in the context of our settlement, we do not anticipate proposing a transfer in 2022/23.

We are developing our high needs funding formula approach for 2022/23 on the basis that:

- We do not anticipate making application or technical construction changes to our existing EHCP Banded Model, nor to our existing PRU Day Rate Funding Model, other than to uplift the top up funding values these models allocate. Whilst we still need to determine the values of uplift to be proposed, we expect to follow the same technical approach to uplifting values as we took in 2021/22 (with reference to the fixed £6,000 contribution, meaning that bands increase by different percentages).
- The former Teacher Pay and Teacher Pensions Grants will continue to be allocated to high needs providers separately from place element and from top up funding, on a fixed place-led basis using values uplifted from 2021/22.
- We expect to continue unchanged the setting needs-led factors within our specialist setting model e.g. small setting protection and split sites, with the values of these uplifted on 2021/22 where appropriate.

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- We do not anticipate at this time proposing to amend our definition of notional SEND for mainstream primary and secondary schools and academies in 2022/23. We still do expect that the DfE will provide further guidance and possible prescription for this definition at a point in the future. The benchmarking of APT data (see Document NH) continues to evidence how disparate local authority definitions of notional SEND currently are. We still do not see merit in adjusting our definition now when it is highly likely that the DfE may soon either prescribe one or may introduce an 'alternative mechanism'.
- We anticipate continuing for a further year our amended SEND Funding Floor mechanism, in support of the funding of SEND and EHCPs in mainstream primary and secondary schools and academies. We may propose some tweaks to this Floor, including to the threshold percentages that are used. As with notional SEND, we still expect that the DfE's national reviews will say something about this kind of additional targeted SEND funding arrangement and this may affect the continuation of our SEND Funding Floor after 2022/23.

Central Schools Services Block (CSSB)

We estimate that our CSSB allocation in 2022/23 will increase by c. 2.8% in cash terms (+ £0.1m) to £3.51m. This is based on a calculation, which estimates that the total number of pupils in primary and secondary schools and academies, that will be recorded in the October 2021 Census, will be slightly reduced on the number recorded in October 2020.

For 2022/23, we anticipate:

- Having further discussions with the Schools Forum regarding the sufficiency of the CSSB budget for the Pupil Admissions service, with a view potentially to increasing this budget in response to service pressure.
- Continuing other existing CSSB budgets, with uplift, where appropriate and affordable, for pay award and inflation. Forum Members should note that the increase in cost to the CSSB relating to copyright licences will be set by the DfE and is expected to be confirmed in December. We anticipate continuing to apportion the copyright licencing cost for early years and high needs providers to their respective blocks, as we did in 2021/22, so that the CSSB only picks up the cost related to mainstream primary and secondary schools and academies.
- Apportioning the former Teacher Pension Grant monies relating to centrally employed teachers across the relevant CSSB budgets and then continuing to transfer to the High Needs Block the £0.16m balance that actually relates to centrally employed teachers funded within this Block.
- Continuing our policy of either adding any net overall under-spending, or subtracting any net overall over-spending, in CSSB budgets to / from the brought forward balance retained within the Schools Block at the end of the financial year. The total value of subtraction is limited to a maximum of the cumulative remaining balance of surplus that has been previously added to the Schools Block from the CSSB. The current position is that we have previously transferred from the CSSB to the Schools Block a total of £0.156m (£0.005m of surplus balance at the end of 2018/19 and £0.151m at the end of 2019/20) and we have subtracted from the Schools Block a total of £0.078m (for the overspend in the CSSB at the end of 2020/21). This leaves a remaining surplus balance of £0.078m within the Schools Block.

Schools Block – Mainstream Primary and Secondary Formula Funding

We are in an extended period of system change, one of the most significant changes being the movement towards a 'hard' National Funding Formula (NFF) for the calculation of mainstream primary and secondary core formula funding allocations.

In July 2021, the DfE launched a new first-stage of consultation, to gather initial views on how to complete the transition to the hard National Funding Formula over the medium term. This consultation is presented in Document NG.

The DfE proposes at this time a direction of travel towards the completion of the NFF reforms, starting from April 2023 at the earliest. As such, what is being proposed does not directly affect our 2022/23 financial year formula funding decision making. However, we will wish to ensure that we continue to take an approach in 2022/23 that will minimise any turbulence that might be caused by the final stages of the transition.

The movement towards hard NFF began at April 2018. To give context to our proposals that will come forward for next year, it is helpful to summarise briefly the key decisions that we have taken at and since this date:

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- In 2018/19, we replaced our local formula with the DfE's NFF, using this to calculate individual formula allocations for both primary and secondary phases. We have continued this 'mirroring' policy in each year since, adopting annual incremental changes in the NFF construction and uplifts in formula variable values. The DfE established a new pupil mobility NFF factor in 2020/21, which, following a year of transition, we have now fully adopted for both primary and secondary phases.
- We set a Minimum Funding Guarantee (protecting / ensuring a minimum increase in individual maintained school and academy per pupil funding year on year):
 - a. 2018/19 at positive 0.4% per pupil
 - b. 2019/20 at 0% per pupil
 - c. 2020/21 at positive 2.34% per pupil
 - d. 2021/22 at positive 2.0% per pupil
- Since 2018/19, we have not applied a ceiling, which would have capped the values of annual increases in per pupil funding received by individual maintained schools and academies. All formula funding gains, from annual data changes, have been passed through to maintained schools and academies.
- We did not transfer monies from the Schools Block to the High Needs Block in 2018/19. This was primarily because we transferred a significant amount (£5.7m) in 2017/18, which was then 'locked in' to our Dedicated Schools Grant block allocation going forward. We did transfer £2m (0.48%) in 2019/20 but we have not transferred any monies in 2020/21 nor in 2021/22. In setting the Minimum Funding Guarantee at positive 2.34% in 2020/21, which was 0.5% higher than permitted under the normal regulations, our intention was to 'give back' to mainstream schools and academies the money we transferred in 2019/20.
- We have retained our local approaches in the areas of formula funding that the DfE's NFF does not yet cover. These are:
 - e. Business rates (actual cost).
 - f. Split sites.
 - g. PFI (Building Schools for the Future).
 - h. Growth Funding (at individual school level).
 - i. Falling Rolls Funding.
 - j. Notional SEND definition.
- We established a Falling Rolls Fund for the primary phase in 2019/20 and have continued to have this in place in 2020/21 and in 2021/22, although no schools nor academies have yet qualified for funding.
- We have not adjusted our definition of Notional SEND, which has continued to be defined in 2021/22 in the same way as it was in 2017/18.

The combination of a number of factors since 2017/18 - our 2017/18 transfer from the Schools Block to the High Needs Block, our mirroring of the DfE's NFF, year on year changes for individual schools and academies in the data recorded in / sourced with reference to the pupils recorded in the annual October censuses, the DfE's mandatory minimum per pupil funding levels - has created the following landscape in Bradford in 2021/22:

- Primary phase: 99 out of 156 schools and academies (64%) were funded on the Minimum Funding Guarantee. 40 schools and academies were funded at the £4,180 minimum per pupil level. All other schools and academies (11%) were funded on the National Funding Formula and above £4,180 per pupil.
- Secondary phase: 9 out of 31 schools and academies (29%) were funded on the Minimum Funding Guarantee. 3 schools and academies were funded at the £5,415 minimum per pupil level. All other schools and academies (61%) were funded on the National Funding Formula and above £5,415 per pupil.
- All through academies: 1 out of the 4 academies (25%) was funded on the Minimum Funding Guarantee. All 4 of these academies were funded above their composite minimum per pupil funding levels.

In total, 109 out of 191 schools and academies (57%) were funded on the Minimum Funding Guarantee in 2021/22. This was reduced from 133 (70%) in 2020/21.

From these summary statistics, it is easy to see how important decisions regarding the Minimum Funding Guarantee are for 2022/23, especially for the primary phase.

Apart from changes in the data sources, in response to missing or incomplete pupil mobility and low prior attainment data following the COVID-19 pandemic, there is significant technical continuity in the National Funding Formula (NFF) in 2022/23:

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- The factors that were not included in NFF are still not included in 2022/23 e.g. split sites, PFI.
- There are no further transfers of currently separate grants into the NFF (the Teacher Pay and Pensions Grants were transferred in 2021/22).
- The construct of the NFF is basically the same as it was in 2021/22, incorporating the same core factors and how these are applied.
- The majority of the core NFF formula funding factor variables are increasing by a 'headline' 3.0%. In reality however, due to the DfE's rounding of values to the nearest £5, adjustments to continue existing spending proportions by factor at a national level, as well as the specific policy to uplift the flat Free Schools Meals factor by 2.0% rather than by 3.0%, core NFF variables are increasing between roughly 2.2% and 3.8%.
- The Minimum Levels of Per Pupil Funding (MFLs) are increased by 2.0% from £4,180 to £4,265 (primary) and by 2.0% from £5,415 to £5,525 (secondary). These minimums continue to be mandatory.
- The Minimum Funding Guarantee (MFG) can be set between positive 0.5% and positive 2.0%.
- Local authorities continue to have the flexibility to set their own Growth Fund and Falling Rolls Fund mechanisms but must still comply with DfE guidance and Regulatory restrictions.
- The existing framework for the de-delegation of funding from maintained schools continues unchanged.

So there are 5, probably rather straightforward, core decisions that we need to take on Bradford's 2022/23 Schools Block mainstream primary and secondary funding formula arrangements. These are:

1. Whether we continue to closely mirror the DfE's NFF, as we have done since April 2018. (Yes).
2. Whether we continue our existing local approaches to the factors not yet covered by the NFF. (Yes).
3. Whether we transfer budget from Schools Block to the High Needs Block and, if we do, the value of this transfer. (*We do not anticipate proposing a transfer in 2022/23*).
4. The value of Minimum Funding Guarantee. (*We would seek to set this at the highest value that is possible and affordable (likely 2.0%)*).
5. Whether we retain, with their existing criteria and methodologies, the funds currently managed centrally within the Schools Block. (Yes).
 - a. Growth Fund
 - b. Falling Rolls Fund (primary phase)
 - c. Funds de-delegated from maintained primary and secondary schools

There are then 2 additional decisions / considerations:

6. Whether we use one off monies (brought forward balances) to apply the Reception Uplift factor in the primary phase on a one off basis in 2022/23. This has indicatively been presented to the Forum earlier this year, in response to the COVID-19 pandemic, as an option for the spending of a proportion of the £0.917m of primary phase £GUF funding this is held within the Schools Block balance brought forward from 2021/22.
7. How we will adjust from an agreed full 'mirroring of NFF' approach in 2022/23 if this cannot be afforded by our Schools Block allocation when we use the October 2021 Census dataset, which will be made available in December. We will wish to consider further with the Schools Forum the options that will be available, and to give warning to schools and academies about these options within our published Schools Block consultation document.

Implications for the Dedicated Schools Grant (DSG) (if any)

As set out in the report (this is an item for information)

Recommendations

- (1) The Schools Forum is asked to consider and to comment on the working principles.
- (2) Members are invited to attend a 'Formula Funding Working Group' session.
- (3) Members are invited to attend the Early Years Working Group.
- (4) The Authority will discuss the proposals for the continuation of the EHCP Banded Model (the special school funding formula) for 2022/23 directly with the District Achievement Partnership.
- (5) Members are asked for feedback on how best to communicate as early as possible this term with schools and other providers about arrangements for 2022/23 (in advance of more formal consultation beginning in October).

List of Supporting Appendices / Papers (where applicable)

None

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Schools Forum Meetings Schedule & Work Programme for the 2021/22 Academic Year

Schedule of Meetings

- **Wednesday 15 September 2021, 8am**
- **Wednesday 13 October 2021, 8am**
- **Wednesday 8 December 2021, 8am**
- **Wednesday 12 January 2022, 8am**
- **Wednesday 19 January 2022, 8am PROVISIONAL MEETING**
- **Wednesday 9 March 2022, 8am**
- **Wednesday 18 May 2022, 8am**
- **Wednesday 6 July 2022, 8am**

Proposed Work Programme

Autumn Term 2021

Key Dates / Announcements

- 30 September – Deadline for responses to the DfE's 'hard' National Funding Formula consultation.
- November / December - expected announcements following the autumn spending settlement, covering early years and post 16 funding for 2022/23 as well as wider recurrent grants e.g. Pupil Premium Grant
- Autumn - expected announcements and consultations on outcomes of the national SEND and Alternative Provision system and funding reviews.
- Autumn - expected announcements relating to the DSG & maintained school 'transparency' reforms.
- 7 October 2021 – Schools' October Census.
- Mid December – ESFA publication of pupil numbers & other data from October Census on which 2022/23 allocations will be calculated.
- Mid December – DfE to confirm 2022/23 DSG allocation.

Key Planned Business

- Consideration of the 2022/23 Schools Block, High Needs Block and Central Schools Services Block settlements for 2022/23 (announced in July) and operational guidance for formula funding.
- Consideration of the implications of the 'hard' National Funding Formula reforms & our responses to consultations. Work-streams from these announcements.
- Consideration of the implications of the SEND and Alternative Provision system and funding reviews & our response to consultations. Work-streams from these announcements.
- Consideration of the autumn spending review & implications for early years entitlement funding, post 16 funding and for the position of recurrent grants in 2022/23.
- High Needs Block affordability, strategic development of places and alternative provision. High Needs Block places commissioning for 2022/23. Consideration of the annual places sufficiency report.
- Continued consideration of other wider High Needs Block strategic matters e.g. funding of continuing care.
- Early Years Single Funding Formula review for 2022/23, and other early years funding matters, including the position of the protected funding of maintained nursery schools.
- High Needs delegated funding model review for 2022/23.
- Update of Bradford's DSG management plan.
- Bradford's Primary, Secondary, Early Years and High Needs 2022/23 formula funding consultations & consideration of responses. The Schools Forum to agree the formulae for the 2022/23 financial year.
- The review of items to be de-delegated / held centrally within the DSG for 2022/23.
- Consideration of the Council's wider budget position 2022/23, including COVID-19 recovery programmes.
- Update on 2021/22 DSG contingencies and central funds actual and forecasted spending (view on values of DSG balances to be held at the end of 2021/22).
- Continued discussion on matters relating to under-subscription of mainstream primary & secondary schools and academies (Falling Rolls Fund matters).
- Growth Fund allocations for the 2021/22 academic year (secondary phase).

- Continued consideration of the financial impact of COVID-19 on the DSG (and schools, academies, early years and other providers funded by the DSG).
- Consideration of changes to be implemented by the ESFA aimed at improving transparency within the DSG and maintained school financial arrangements (including Scheme for Financing Schools amendments).

Spring Term 2022

Key Dates / Announcements

- 20 January – Schools' January Census & Early Years Census.
- 21 January – deadline for the submission of the final APT to the ESFA, with values of the Schools Block mainstream formula factors fixed at this point.
- March publication of final Post 16 allocations for 2022/23.
- 28 February – deadline for publication of 2022/23 budgets for maintained schools (not including early years funding).
- 31 March – deadline for publication of 2022/23 Early Years Single Funding Formula allocations.
- 30 April – completion of S251 Budget Statement to the DfE.

Key Planned Business

- Matters carried from the Forum's autumn term meetings.
- The Forum's final and formal recommendations on all aspects of DSG funding for 2022/23, including school & early years budgets, high needs and centrally managed items. The Forum to exercise its statutory powers.
- Further consideration of the implications of the 'hard' National Funding Formula reforms & our responses to consultations (expected further consultations on 2023/24 arrangements). Work-streams from these announcements.
- Further consideration of the implications of the SEND and Alternative Provision system and funding reviews & our response to consultations. Work-streams from these announcements.
- Update of Bradford's DSG management plan.
- Continued detailed work on the High Needs Block funding and provision matters (strategic multi-year financial planning).
- Evaluation of the impact / anticipated impact of 2022/23 DSG recommendations.
- Close review of the position of the Early Years Block in 2021/22 following the change in DfE methodology for funding (COVID-19).
- Consideration of the 2020/21 Exclusions Report.
- Review of Scheme for Financing Schools for 2022/23 (and directed revisions).
- Review of Schools Forum membership and composition for September 2022. Responses to any directed Schools Forum Regulations changes (including from the National Funding Formula review).
- Continued discussion on issues related to falling rolls and under subscription (in particular across early years and primary phases).
- Agreement of allocations from the 2021/22 Schools Block Falling Rolls Fund.
- Consideration of the annual report on outcomes for Children Looked After, incorporating the impact of our Pupil Premium funding strategy.
- Further information, discussion and consideration of the financial impact of the conversion of maintained schools to academy status.
- Consideration of wider DSG and school / academy budget-level cost pressures in 2022/23, implications and strategies for supporting these.

Summer Term 2022

Key Dates / Announcements

- 1 April – closedown of maintained school accounts for the 2021/22 financial year (carry forward balances).
- 15 May – deadline for submission of Governor Approved Budgets (maintained schools) for 2022/23 to the Local Authority.
- 19 May – Schools' May Census.
- Early Years DSG Block updated for January 2022 pupil numbers.

Key Planned Business

- Matters carried from the Forum's spring term meetings.
- Further consideration of Forum membership for September 2022 & election of the Chair & Vice Chair of the Schools Forum. Annual review of the Forum's conduct of meetings and procedural matters document.
- Anticipated significant volume of review work and discussion required for our 2023/24 DSG funding arrangements (begin these earlier than usual).

- Continued consideration of the implications of the 'hard' National Funding Formula reforms & our responses to consultations. Work-streams from these announcements for 2023/24 arrangements.
- Continued consideration of the implications of the SEND and Alternative Provision system and funding reviews & our response to consultations. Work-streams from these announcements for 2023/24 arrangements e.g. our high needs delegated funding models.
- Continued consideration of our early years entitlement funding arrangements and the financial position of the Early Years Block.
- Update of Bradford's DSG management plan.
- Continued detailed work on the High Needs Block funding and provision matters (strategic multi-year financial planning).
- Update on compliance of maintained schools with the Schools Financial Value Standard.
- Review of school balances held at 31 March 2022 (maintained schools).
- Initial confirmation of DSG balances held at the end of 2021/22.
- Update on pupil planning and the impact of Academies & Free Schools. Continued discussion on issues related to falling rolls and under subscription (in particular across early years and primary phases).
- Continued consideration of the financial impact of COVID-19 on the DSG (and schools, academies, early years and other providers funded by the DSG).

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