School forum NFF direction

# Title of Report: SCHOOLS BALANCES 2020-21

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| DETAILS ON WHO HAS BEEN CONSULTED WITH ON THIS PAPER TO DATE: Kay Goodacre, Nikki Parsons  Executive Summary  The purpose of this report is to brief Schools Forum on the future direction of travel being consulted upon by the department for education regarding the national funding formula.  Recommendations.  Forum is asked to note the contents of the report. |

## 1. Background

* 1. The National Funding Formula (NFF) was first introduced in 2018-19, as a means of implementing an equitable funding system across all local authorities and removing historical funding discrepancies that are no longer relevant or “fair”.
  2. In July the Department for Education (DFE) published a consultation document on plans for future development, which gives an indication of how they see mainstream school funding developing.
  3. The consultation sets no deadline for full NFF, as recovery from the pandemic is thought to have long reaching impact. Choice of factors is not part of the consultation, nor is the Early Years or High Needs Blocks included at this stage.
  4. The 2021-22 London Borough of Tower Hamlets (LBTH) schools budget uses all NFF factors at the NFF values except for mobility.

## Main aims and direction of travel Schools Budget

* 1. One overarching proposal is to apply NFF factors to all school funding, transitioning away from allowing locally determined adjustments. This is very similar to the LBTH position. Mobility is the one factor not included in our local formula, however will be included for 2022/23. In 2021-22 introducing this would have allocated £137k over 22 schools.
  2. Guarantees for higher funded authorities:

1. “Levelling up” rather that reducing higher funding levels. Some higher funded LA’s have increased the funding rates on existing NFF factors, to ensure the total available is allocated to schools. Others (including LBTH) apply the NFF rates, with all additional funding allocated via the Minimum Funding Guarantee (MFG) mechanism. This will extend the historic position per pupil, and suits schools with a reducing proportion additional needs. It does not protect against a falling roll.
2. The Area Cost Adjustments will continue, recognising higher costs in London & other metropolitan areas.
   1. Review of factors based on historic spending, specifically additional funding for:
      * PFI schools, (19 schools)
      * split site schools (3 schools), and
      * costs relating to ‘exceptional circumstances’ (4 schools)

LBTH allocated £3.3mill to these categories in 2021-22,

* 1. Growth and Falling roll funding will be standardised, with the DFE collecting local consistent forecasts from LA’s of increased basic need, new and growing schools. A national criteria would be established applying to all LA’s. For schools with a falling roll (using the current criteria), a similar data collection process would take place.
  2. The timetable for implementation will be gradual, commencing in 2023-24. However, LAs will be required to bring their local formula factor values 10% closer to the NFF from 2023-24.
  3. The current additional flexibility for LAs in the EAL factor, relating to how many years a pupil has been in the school system, could be removed from 2023-24.
  4. Consideration of the Multi Academy Trust’s (MAT) pooling of funding arrangement extending to the maintained sector will not be implemented. This is consistent with the long-term aim for all schools to part of a strong MAT.

## Main aims Central Schools Services Budget (CSSB)

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| **Budget categories** | **Maintained schools** | **Academy / Free school** | |
| * 1. Ongoing responsibilities | a | a | |
| * 1. De-delegated central functions | a | **N/A** | |
| 1. Optional traded services | a | a | |
| 1. Historic commitments | to be fully removed | To be fully removed |

* 1. The above categories will be reviewed aiming for clarity, possible additional delegation with extending the capacity to de-delegate or trade services. Statutory duties on behalf of schools (i.e. admissions), and the centralised copyright license scheme will remain.
  2. A legacy grant will be considered for unavoidable historic commitments.

## Supporting effective SEND provision

* 1. The DfE are to publish a SEND Review, 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. The schools budget will retain the proxy indicators to support these aims, and further consideration will be given to DSG block transfers.

## Schools Forum

* 1. The DfE plan to conduct review of the role of schools forums and the impact on a hard NFF on their powers and responsibilities. Some will no longer apply: consultation on the formula; setting a growth fund; and transfers from the schools block to other funding blocks will no longer be possible. Current responsibilities may change as a result of future policy developments, particularly related to SEND, and as a consultative/stakeholder group the DFE feel the forum has an important role.

## A consistent funding year

* 1. Further consideration will explore the possibility 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 academic year basis.

The full consultation document can be found at this link:

[Fair school funding for all: completing our reforms to the National Funding Formula (education.gov.uk)](https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf)