

Rotherham Schools' Forum

**Venue: Virtual Meeting via
Microsoft Teams**

Date: Friday 24 June 2022

Time: 8.30 a.m.

A G E N D A

1. Welcome and Introductions.

Welcome by the Chair and introductions by all Forum Members present.

2. Apologies for Absence.

To receive apologies from any Forum Member who are unable to attend the meeting.

3. Declarations of Interest.

To invite Forum Members to declare any interests they may have on agenda items to be considered at this meeting, to confirm the nature of those interests and whether they intend to leave the meeting for the consideration of the item.

4. Minutes of the Previous Meeting. (Pages 5 - 13)

Recommendation:- To receive and approve the minutes of the previous meeting held on 8th April, 2022.

5. Matters Arising from Previous Minutes.

To consider and report on any matters arising from the previous minutes.

6. Appointment of Chair (from September, 2022)

To receive nominations and agree a new Chair of the Schools Forum from September, 2022.

7. Appointment of Vice-Chair (from September, 2022)

To receive nominations and agree a new Vice-Chair of the Schools Forum from September, 2022

8. Safety Valve Budget Monitoring

Nathan Heath and Neil Hardwick to report.

Recommendation:- That the report be received and the contents noted.

9. SEMH Free School Update

Nathan Heath to report.

Recommendation:- That the report be received and the contents noted.

10. SEND Green Paper Overview

Nathan Heath to report.

Recommendation:- That the update be received and the contents noted.

11. National Funding Formula Government Consultation Response (Pages 15 - 72)

Neil Hardwick/Vera Njegic to report.

Recommendation:- That this information be noted and Forum Members should ensure they make the schools/academies that they represent aware of this.

12. 2021/2022 Outturn & 2022/2023 Funding (Pages 73 - 77)

Neil Hardwick/Vera Njegic to report.

Recommendation:- (1) That the report be received and the contents noted.

(2) That it be noted that the centrally retained early years balance is subject to change as this will be dependent on the early years adjustment for the Spring 2022 census count. Within the figures, an anticipated increase of £75k has been accounted for.

13. HR Update re Teachers Pay for 2022/23 Academic Year (Pages 79 - 81)

Neil Hardwick to report.

Recommendation:- That the report be received and the contents noted.

14. Healthy Activities and Food Programme Grant (Pages 83 - 92)

Amy Woodhead to report.

Recommendation:- That the presentation be received and the contents noted.

15. Any Other Business.

Recommendation:- To receive any other items of urgent business.

16. Date of Next Meetings

Recommendation:- (1) To consider and agree the date and time of the next meeting of the Rotherham Schools' Forum on Friday, 16th September, 2022 at 8.30 a.m. – venue to be confirmed.

(2) To note future meetings of the Rotherham School Forum at 8.30 a.m. on the following dates:-

Friday, 18th November, 2022

Friday, 13th January, 2023

Friday, 28th April, 2023

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**ROTHERHAM SCHOOLS' FORUM
FRIDAY 8 APRIL 2022**

In Attendance:-

Deborah Ball (Treeton Primary (Academy) (in the Chair);
Lianne Camaish, Aspire
Councillor Victoria Cusworth – Cabinet Member for CYPS
Pepe Di'Lasio, Head of Wales (Academy)
Dean Fenton, Head of ATE, CYPS
Nathan Heath – Assistant Director of Education, CYPS
Ian Henderson - H.R. Officer, RMBC
Janet Hodgkinson – GMB Representative
Angela McComb – Primary Maintained Governor
David Naisbitt – Oakwood High (Academy)
Vera Njegic - Principal Finance Officer, RMBC
Kirsty Peart - Sitwell Infant (Maintained)
Lynne Pepper – Herringthorpe Infant (Maintained) Debbie Pons – Clerk, RMBC
Colin Price – NEU Representative
Sharon Stones – Head of Arnold Nursery and Children's Centre
Nevine Towers – Diocese of Sheffield

Apologies were received from:-

Dom Curran – Aston (Academy)
Neil Hardwick – Head of Finance, CYPS
Andy Krabbendam – CEO JMAT (Academy)
Alan Richards – Secondary Governor

27. MINUTE'S SILENCE - JOHN COLEMAN

The Schools Forum held a minute's silence as a mark of respect following the recent death of long-standing Forum Member, John Coleman.

28. WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to today's virtual meeting and introductions were made.

29. DECLARATIONS OF INTEREST

There were no Declarations of Interest reported.

30. MINUTES OF THE PREVIOUS MEETING HELD ON 14TH JANUARY, 2022

Consideration was given to the minutes from the previous meeting held on 14th January, 2022.

Agreed:- That the minutes be approved.

31. MATTERS ARISING FROM PREVIOUS MINUTES

There were no matters arising.

32. UPDATE ON HIGH NEEDS BLOCK (HNB) OPERATIONAL GUIDANCE 2022/2023

Consideration was given to the report presented by Vera Njegic, Principal Officer (Schools Finance), which provided an update and built on previous reports which set out the main update to the High Needs Operational Guidance and, therefore, proposed recommendations to ensure compliance and financial sustainability.

The main update to the 2022/2023 High Needs guidance related to extended periods of absences.

While the DfE expect commissioning Local Authorities to work constructively with institutions to determine and agree the levels of top-up funding required, Local Authorities did bear the ultimate responsibility for decisions on top-up funding given that they were accountable for spending from their high needs budgets

In all instances, pupils or students with an Education and Health Care Plan must have their placement commissioned by a Local Authority and the amount of top-up funding to be paid should be confirmed in writing. Where provision was specified in an Education and Health Care Plan, there was no statutory requirement that a Local Authority had to pay top-up funding at a particular rate requested by a school or institution.

If a pupil or student's placement was interrupted temporarily for public health reasons, the school or college should make contact with the commissioning Local Authority to discuss alternative arrangements for their continuing access to education and support, and for the continuation of top-up funding for the provision being made.

If an absence was expected to be long-term, because a public or personal health issue affected the young person's attendance and ability to engage in their education, the Local Authority should review the Education and Health Care Plan and amend it if necessary, and commission a different provision as required.

Agreed:- (1) That the update to the 2022/2023 High Needs Operational Guidance be noted.

(2) That the guidance update and 2022-2023 funding allocations be noted.

33. EXCLUSIONS UPDATE

Consideration was given to a report and appendix by way of a power-point presentation introduced by Dean Fenton, Head of Service, Access to Education, which detailed headline data on Exclusions (permanent exclusions) and suspensions (fixed term exclusions).

The briefing note also set out in detail how the Department for Education (DfE) had undertaken a period of consultation with stakeholders between 3rd February and 31st March, 2022 in relation to revised behaviour in schools and suspension and permanent exclusion guidance.

The Behaviour in Schools Guidance had now been rewritten to more effectively support schools to maintain high standards of behaviour and provide more practical advice for all school staff. The revised guidance was organised into four themes to support schools to address behaviour at all stages.

Section One - looked at how to create and maintain high standards of behaviour, with a focus on developing a clear vision of what expected behaviour looked like and the strong leadership needed to implement this vision.

Section Two - set out how schools should respond robustly to incidents of misbehaviour in order to deter further incidents, restore order and protect pupils from further disruption or harm.

Section Three - looked at how schools could prevent the recurrence of misbehaviour and reduced the likelihood of suspension and permanent exclusion.

Section Four - focused on how schools should respond to specific behaviour incidents.

In terms of the changes to the Suspension and Permanent Exclusion Guidance, this built on the revisions made in 2017 and the evidence gathered through the Timpson Review of School Exclusions. The DfE were providing further clarifications to the guidance and proposing associated legislative changes.

The presentation provided insight into:-

- Exclusions and Part-Time Tables.
- Exclusions Data – 2018/19.
- Exclusions Data – 2019/20.
- Exclusions Data – 2020/21.
- Exclusions 2021/22 as at 1st April, 2022.
- Exclusions are returning to pre-pandemic levels, with Rotherham seeing incremental rises.

- Regionally Rotherham remains mid-range in both P/Ex and FTE and exclusions remain a key area of focus and challenge.
- Use of Part-Time Tables (PTTT).
- Building on the revisions made in 2017 and the evidence gathered through the Timpson Review of School Exclusions, DfE are providing further clarifications to the guidance and proposing associated legislative changes.
- Post pandemic pressures linked to escalating SEMH needs, entrenched persistent absenteeism, educational gaps, and disrupted transitions defining immediate challenges.
- Across a range of areas of inclusion a number of young people were being seen with very complex needs that span a range of need types, access a range of services, and were struggling to engage with the mainstream learning offer.
- As part of developments of the focus on inclusive practice it was vital not to fall solely into an education focus, any system wide developments needed to include CAMHS, Children's Social Care, and Early Help to support a system wide response across this area of education.

Clarification was sought on the figures contained within the presentation around the setting placements for some children, if this was part of the outreach provision, the process before permanent exclusion and the number of one-off incidents leading to permanent exclusion. It was also confirmed that the figures within the slides were only of notified data to the Local Authority and may not be a truly accurate picture.

The detail provided in the revised behaviour in schools and suspension and permanent exclusion guidance raised some concern in terms of the language used, the perception and the potential for further pressure on Heads in dealing with difficult behaviour.

Reference was also made to the high referrals to CAMHS and the level of support available when more specialist provision was required for students exhibiting more worrying behaviours.

It was also unclear what provision would be made available if Pupil Referral Units were full and there were gaps. It was uncertain how this compared regionally.

Forum Members welcomed the offer to provide further analysis and context to the permanent exclusion numbers from both secondary and primary sectors with more defined data. Whilst it was noted the tone and language was different this was similar to how it appeared in the White Paper.

There was also the option of providing a further briefing note with more context for discussion at the High Needs Sub-Group and an earlier meeting could be convened if this was believed to be more appropriate.

Discussion ensued on the difficulties being faced by CAMHS which was a separate entity to the Local Authority. The Cabinet Member whose portfolio this fell under would also pick this up as a matter of urgency and discuss with relevant personnel where the most vulnerable of children were not getting the intensive support they needed. This was an area that had been discussed by Scrutiny and further information should be shared on the numbers on waiting lists, how long students had been waiting and how Rotherham compared with the national picture.

Further insight was also provided on the trajectories of permanently excluded children being admitted to Aspire, the increase of one-off incidents and the actions that could be taken for some students to access an alternative mainstream provision.

Examples were given on behaviour related cases requiring urgent CAMHS provision and the various pathways students were placed onto. Very often the level of need was beyond what could be provided by professionals dealing on the frontline.

Further discussion ensured on the reliance of CAMHS support and the various provisions available working in partnership, especially for primary aged children (such as MIND). It was considered helpful to Forum Members to understand the changes and best practice and share data on comparisons both pre and post pandemic.

Agreed:- (1) That the briefing note and Appendix 1 be received and the content noted.

(2) That consideration be given to calling an early meeting of the High Needs Sub-Group to discuss further analysis and receive context as to the permanent exclusion numbers from both secondary and primary sectors with more defined data.

Action:- Nathan Heath/Dean Fenton

34. VIRTUAL SCHOOL UPDATE

The Chair welcomed Peter Douglas and Tina Hohn from the Virtual School to give insight and an update on the Virtual School.

It was noted that the Virtual School, and wider team supporting children, have maintained the quality of the support in place. The team of advisers, designated teachers, Social Workers, health professionals and carers remain the backbone of the child-centred approach and have provided a stable base and solid encouragement for young people to build from. The Covid pandemic provided an opportunity to develop and further build on the strong relationships of the team around the child.

By way of a presentation Peter and Tina highlighted and provided more emphasis on:-

- The Virtual School Context:-
 - COVID
 - SEND
 - Academic Assessment
 - Strong Working Relationships
 - Adaptive Child Centred Support
 - Training and Development
 - Extended Role – Virtual Head
 - Post 16 PP+
- Secondary and Post 16 – Priority and Investment:-
 - Trauma Informed Schools
 - Emotional Based Schools Avoidance (EBSA)
 - Reading
 - Aspirations
 - Tuition
 - Key Adult Support
- Early Years and Primary – Priority and Investment:-
 - Trauma Informed Schools
 - Emotional Based Schools Avoidance (EBSA)
 - Reading and Writing
 - O.T. and Sensory
 - Parents as Experts
 - Early Years Offer

Forum Members welcomed the excellent work delivered as part of the Virtual School and the support provided in Rotherham. The service was considered to be forward thinking and committed in its work with attachment and trauma.

Agreed:- That the Virtual School Update and presentation be received and the contents noted.

35. SEND SUFFICIENCY PHASE 3 UPDATE

Consideration was given a verbal update presented by Nathan Heath, Assistant Director for Education, which outlined further action Post 19 as part of Phase 2 which involved DfE discussions with Thomas Rotherham College. This proposal provided for the 16-19 academy and for this to be moved forward.

In terms of Phase 3 it was noted that the free school delivering SEMH provision was due to open in September, 2022 at the start of the academic year. Further work was still required on progress towards officially opening and students admitted to the new school would follow normal admission routes.

The rebuild of Newman Upper School as part of Phase 3 was also in its final stages and would be delivered this academic year.

The High Needs SEND Sufficiency Phase 4 incorporated the "Safety Valve" (an item on this agenda).

Agreed:- That the update be received and the contents noted.

36. SAFETY VALVE

The Chair invited Nathan Heath, Assistant Director for Education, to provide the latest position with regards to the Dedicated Schools Grant 'High Needs Safety Valve' arrangement. By way of a presentation information shared included:-

- The Background.
- Rotherham Improving Financial Position.
- Potential Risks.
- Key Facts about the High Needs Safety Valve Arrangement.
- Funding Arrangement.
- Commitments as part of the Rotherham Safety Valve Agreement.
- Financial Implementation.
- Key areas of focus which underpin strategic planning – the scaffolding across the SEND system.
- Overview of the Agreement.
- Next Steps.

It was noted that the Council had submitted the additional capital allocations application linked to the Safety Valve, with projects moving to delivery in the next academic year with a capital programme sequenced to address key areas of demand in the first instance.

Feedback to all stakeholders including Education/Health/CCG would be linked to the Safety Valve Agreement to make sure interdependencies were understood and full consultation linked to SEND sufficiency developments.

Updates would also be provided to the Schools Forum against DfE activity with implementation considerations developed through the High Needs Sub-Group.

Agreed:- That the update be welcomed, received and the contents noted.

37. SCHOOL WHITE PAPER

The Chair invited Pam Ward to give an update on the 'Opportunity for all: Strong schools with great teachers for your child' – the White Paper which

was published on the 28th March, 2022. By way of a presentation information shared included:-

- The two “new ambitions”.
- Series of new measures in four new key chapters.
- Chapter 1 – An excellent teacher for every child.
- Proposed new policies.
- Chapter 2 – Delivering high standards of curriculum, behaviour and attendance.
- Proposed new policies.
- Chapter 3 – Target support for every child who needs it.
- Proposed new policies.
- Chapter 4 – A stronger and fairer system.
- Proposed new policies.
- Defining a strong trust.
- Upcoming consultations to support the proposals of the White Paper.

Schools Forum welcomed the detail on the White Paper.

Agreed:- That the presentation be received and the contents and detail be noted.

38. SEND GREEN PAPER

The Chair invited Julie Day, Head of SEND, to give an update on the ‘Green Paper. By way of a presentation information shared included:-

- The SEND Review.
- Key Facts.
- Three Challenges.
- Goals in Pictures.
- Overall Aim.
- Timeline – Proposals to be done by.
- Inclusive White Paper.
- If a child falls behind in English and Maths – Getting on track.
- A single national SEND and Alternative Provision.
- National Standards.
- Excellent provision for Early Years to Adulthood.
- Further Proposals.
- A Reformed and Integrated Role for Alternative Provision.
- Accountability, System Roles and Funding Reform.
- Delivery change for children and families.
- Inclusive Education
- Consultations.

Forum Members welcomed the update and sought clarification on Alternative Provision. It was confirmed that if 77% children were in school, 23% were more than likely to be elective home educated,

especially where there was a lack of parental confidence in the system and there was growth in relation to social, emotional and mental health need.

This could also be attributed to children who were on role in mainstream schools whose parents would prefer them to be in special education.

Evidence suggested that there was now more children with Education and Health Care Plans going to Rowan and Aspire.

Rotherham had recognised and embraced the opportunity to move forward with the new special school specifically for young people with social, emotional and mental health needs and this school would be open from the start of the next academic year.

Agreed:- That the presentation be received and the contents and detail be noted.

39. ANY OTHER BUSINESS

The Schools Forum were asked to note two resignations. Firstly by Paul Silvester, Head of Newman School and former Vice-Chair. This would be included as an item for consideration on a future agenda.

Secondly from Rajmund Brent, Primary Governor, who had reviewed his commitments locally. He wanted to formally thank the Forum for insight into its business and wished everyone well.

The Chair, on behalf of the Forum, thanked Paul for his support to the Chair and for his work with the HNB Sub-Group and to Rajmund for his input to Forum activity.

Agreed:- That the resignations from the School Forum be noted and action be taken to fill the respective vacancies.

Action:- Clerk/Nathan Heath

40. DATES OF NEXT AND FUTURE MEETINGS

Agreed:- That the next meeting of the Schools' Forum take place on a virtual basis on Friday, 24th June, 2022 at 8.30 a.m.

(2) That the dates of future meetings of the Rotherham School Forum at 8.30 a.m. be noted:-

Friday, 16th September, 2022

Friday, 18th November, 2022

Friday, 13th January, 2023

Friday, 28th April, 2023

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REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	24th June 2022
2.	Title:	National Funding Formula Government Consultation Response
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 To inform Schools Forum members of the outcome of the government consultation on 'fair school funding for all: completing our reforms to the National Funding Formula'.

2. RECOMMENDATION(S)

- 2.1 For Schools Forum members to note this information and ensure they make the schools / academies that they represent aware of this.

3. REASON FOR RECOMMENDATION(S)

- 3.1 To ensure Schools Forum members are aware of the latest announcements relating to funding

4. BACKGROUND INFORMATION & CONTEXT

- 4.1 In 2018/19 the National Funding Formula (NFF) was first introduced and since then the government have remained committed to ensuring that every school's final funding allocation is determined by the same, national formula.
- 4.2 The government launched the 'fair school funding for all: completing our reforms to the National Funding Formula' on 8th July 2021 and the closing date for the consultation was 30th September 2021.
- 4.3 Schools Forum members were made aware of this consultation in the September 2021 Schools Forum meeting and a copy of the consultation document was provided.
- 4.4 This consultation sought views on the approach to reforming the NFF and how to transition away most effectively from the use of local formulae to all schools' funding allocations being determined directly by the NFF in the years ahead.
- 4.5 Attached to this paper is the full government response which has now been published.
- 4.6 There are plans to publish a second stage consultation with more detailed proposals in Spring 2022.

5. SUMMARY OF THE CONSULTATION RESPONSE

- 5.1 In total there were 359 respondents to the consultation of which 110 (31%) were local authorities and 197 schools and academies (55%).
- 5.2 In respect of the transition to the direct NFF the response sets out that from 2023/24 the Department for Education will require:
- Local authorities to use all, and only, NFF factors in their local formulae.
 - All local formulae factors to move at least 10% closer to the NFF, except where local formulae are already 'mirroring' the NFF.
 - Local authorities to use the NFF definition for the English as an Additional Language (EAL) factor.
 - The approach to transition in subsequent years will depend on the impact in the first year.
- 5.3 In respect of improvements to the schools NFF the Department for Education have set out that over the next year they will:
- Consult on an approach to the split sites factor and PFI factor
 - In the second stage consultation;
 - include proposals for a revised growth and falling rolls factor – and some options which would allow a degree of local flexibility
 - include proposals for an exceptional circumstances factor.
- 5.4 In respect of the central schools services, the response confirms that the government plan to review services funded via the Central Schools Services Block of DSG. The government believe that rolling funding from the CSSB into the Local Government Finance Settlement could prove helpful flexibility. A number of respondents however expressed concern about this in respect of a loss of transparency.
- 5.5 For services provided to maintained schools, there will still be an option under a direct NFF to de-delegate maintained schools funding. MAT's will continue to have the ability to top-slice academy funding. There will be further details on this in the second stage consultation.
- 5.6 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. In the original consultation, opinion was sought as to the appetite for changing the funding year for maintained schools to align with that of academies.
- 5.7 The response was mixed, academies were in favour although it was acknowledged this change would have the least impact on them. Of local authority responses only 9% supported the move. Additional workload was a specific concern and in conclusion, the view is that the additional burden outweighs the potential advantages and therefore the Department for Education are not prioritising this as a further policy development.

6. SUMMARY

- 6.1 The decision not to proceed with a change in financial year is welcome as this would have caused additional work as the wider local authority is still required to produce accounts on an April – March financial year basis.
- 6.2 Further details are required on the proposed changes, it is hoped these will be set out in the second stage consultation. We will continue to keep Schools Forum members abreast of the updates as and when they are received.

7. NAMES & CONTACT DETAILS

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Department
for Education

Completing the reforms to the National Funding Formula

Government consultation response

March 2022

Ministerial Foreword



This Government is committed to levelling up opportunity for all children and young people. We have delivered the biggest funding boost for schools in a decade, and continue to deliver year-on-year, real terms per pupil increases to school funding. We will invest a further £7 billion by 2024-25 for the core schools budget in England, compared to 2021-22.

As well as ensuring that the right level of funding is allocated to the school system, we must ensure that funding is distributed in a fair, consistent way, based on the needs of pupils. The introduction of the national funding formula in 2018-19 was a step change in the way schools are funded. This historic reform means

that school resources are now being distributed based on the individual needs and characteristics of schools and their pupils, rather than historic funding patterns. This is a key part of our levelling-up mission to spread opportunities equally and improve public services, especially in those places where they are weakest.

Replacing the previous “postcode lottery” in schools funding, the national funding formula directs funding towards the pupils who most need extra support to reach their full potential. In 2022-23, we are allocating schools £6.7 billion – one sixth – of the funding available for the national funding formula towards deprivation, pupils with low prior attainment, pupils with English as an additional language, and mobility. This is on top of pupil premium, which is rising to £2.6 billion in 2022-23 - its highest ever level in cash terms. The introduction of the national funding formula means that the funding system is now much more responsive to changes on the ground and reflects the current patterns of deprivation and additional needs across the country. This now ensures that areas with pupil intakes that have similar levels of deprivation – such as Liverpool and Wolverhampton, or Calderdale and Coventry – receive similar levels of funding per pupil.

But we can make the system fairer still, by ensuring that each mainstream school is allocated funding on the same basis, wherever it is in the country, and every child is given the same opportunities, based on a consistent assessment of their needs. While the introduction of the national funding formula was a great advance in creating fairness in funding between local areas, it remains the case that funding levels between individual schools – with similar intakes and similar circumstances – can vary significantly simply because of where they are located in the country. For example, in the 2021-22 funding allocations, the amount of additional funding a secondary pupil with English as an additional language attracts to their school ranges from £200 in the East Riding of Yorkshire to over £3,200 in Westminster – and nothing at all, in St Helens. Our consultation highlighted what this variation means in practice: for example a small, rural

primary school which could receive £101,000 more in North East Lincolnshire than in Medway, and a large, deprived secondary school which could receive £587,000 more in Slough than in Kent.

The vision of achieving a level playing field for all pupils no matter what school they attend was behind our first-stage consultation on a “direct” national funding formula last year, under which the Department would set funding allocations for schools through a single, national funding formula without local adjustments. We have carefully considered the responses to this consultation, and I was pleased to see the majority of consultation respondents shared this vision too. This Government response to the consultation confirms our intention to move forward with plans to introduce the direct national funding formula, and the Government will bring forward the relevant legislation required at the earliest opportunity. We will start the process of transition by bringing local authority formulae closer to the NFF in 2023-24 and will consult again on the implementation of these reforms later this year.

The move towards a direct national funding formula will bring about greater fairness, consistency, transparency and simplicity in the funding arrangements for schools. This is of benefit to all schools, as parents, school leaders and governors will have assurance that their school is funded on the basis of a consistent assessment of need, rather than where the school happens to be located. A direct national funding formula also supports the expansion of successful and efficient multi-academy trusts. Multi-academy trusts which have grown to have schools across different local authority areas have highlighted the challenges caused by differences in local funding arrangements. We will support multi-academy trusts to make the best and most efficient use of resources, so that they can continue to drive up academic standards – and our funding reforms are a key part of this.

Finally, I would like to give my thanks to everyone who responded to the consultation. Your thoughts and suggestions have been invaluable in informing our work. I know that we share the aim of ensuring that the funding system helps to deliver improved outcomes and opportunities for all children. Our task now is to deliver the funding reforms to achieve this.



Robin Walker MP
Minister of State for School Standards

Contents

Ministerial Foreword	2
Introduction	6
Summary of respondents	8
Main themes from the consultation	9
Support for our reforms:	9
Gradual approach to transition:	9
Developing the schools NFF:	10
Question analysis	12
Completing our reforms to the NFF	12
Question 1	12
Government response	13
Developing the schools NFF	14
Question 2	14
Government Response	17
Approach to growth and falling rolls funding	19
Question 3	19
Question 4	19
Government response for Question 3 and 4	21
Approach to transition	23
Question 5	23
Government response	24
Question 6	24
Government response	25
Question 7	26
Government response	28
Question 8	30
Government response	31
Question 9	31
Government response	32
Question 10	33
Government response	34

Approach to central school services	34
Question 11	34
Government response	36
Question 12	37
Government response	38
Approach to a consistent funding year	39
Question 13	39
Question 14	39
Government response to questions 13 and 14	41
Other points raised	42
Question 15	42
Government response	44
Equalities Impact Assessment	45
Question 16	45
Government response	47
Annex A: List of organisations that responded to the consultation	48

Introduction

Between 6 July 2021 and 30 September 2021, we held a consultation on proposed changes to complete our reforms to school funding and move to a “direct” schools national funding formula (NFF). This consultation sought views on the approach to reforming the NFF and how we most effectively transition away from the use of local formulae to all schools’ funding allocations being determined directly by the NFF in the years ahead. Having carefully considered the feedback to the consultation, this document presents our response and confirms our overall approach to the reform. We plan to publish a second stage consultation with more detailed proposals in Spring 2022.

The schools NFF is a single, national formula that allocates the core funding for all mainstream primary and secondary schools, both maintained and academies, in England. Since its introduction, the NFF has been a ‘local authority-level’ 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 parameters within which local formulae must operate, LAs have 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, and from that which similar schools, in other LAs, receive.

As set out in the initial consultation on the NFF, our intention since the introduction of the NFF has been to move in time to a funding system in which all individual schools’ funding allocations are set directly by the national formula without substantial further local adjustment. The consultation sought views on what a fully delivered direct NFF should look like and for the next steps to be taken to ensure a smooth transition towards this. The proposals we consulted on were:

- The aim should be that all NFF funding factors – pupil-led and school-led – are included in the formula and that all funding distributed by the NFF should be allocated to schools on the basis of that formula, without further adjustments by LAs
- To improve premises factors within the NFF in advance of the introduction of the direct formula, so that allocations are based on a consistent, objective assessment of current need, rather than the previous years’ local spending decisions
- To reform our approach to funding schools experiencing significant growth in pupil numbers, such that these funding arrangements reflect the overall principles of a direct NFF – simple, transparent and fair

- From 2023-24, to progressively tighten rules governing LAs' flexibility over schools funding, so that schools' allocations through local formulae move closer to the NFF distribution, ensuring a smooth transition towards a direct formula and delivering a more consistent funding system
- To reform the approach to funding for central school services delivered by LAs, to support LAs to deliver their remaining responsibilities and services and ensuring a greater voice for schools in receipt of these services where appropriate
- An open question on the potential value of moving to a consistent funding year across maintained schools and academies

This document presents an analysis of views received in response to the consultation and our proposed next steps, including any issues which will be included in the second stage consultation.

Summary of respondents

In total we received 359 responses to the consultation. We have grouped the respondents by organisation type, or individual respondents, to support analysis of findings (table below). A full list of consultation respondents can be found at Annex A.

We also discussed these proposals with a number of LAs and representative organisations during the consultation period, such as the Department's School and Academy Funding Group¹ and the Service-level Working Group for Education and Children's Services². As well as the findings from the online consultation, the discussion at these meetings and events has influenced the final decisions and, where relevant, has been reflected in the responses set out below.

Our detailed response with full analysis of the responses is set out below. Note, in the analysis below the total number of responses associated with each response type does not always equal 359 and the respective percentages do not always total 100. We have calculated percentages as the proportion of those who responded to the particular question, and duplicate responses have been removed to ensure campaigns are not given excessive weighting. In addition, when analysing the responses some respondents provided comments falling under more than one category, or did not provide a response to a particular question.

Table showing respondents grouped by organisation, ordered by total respondents

	Total	Percent
Local authority	110	31%
Maintained School	104	29%
Academy	93	26%
Other	28	8%
Sector Organisation	17	5%
Diocese	6	2%
Parent or Carer	1	<1%

¹ The School and Academy Funding Group (SAFG) exists to advise the Department on matters relating to all aspects of school funding, in the context of the wider policy objectives for schools. It is made up of key stakeholders from a number of organisations with a focus on education and/or funding.

² The Service-level Working Group on Education and Children's Services (SWGECS) facilitates exchanges between LA finance representatives and the DfE on matters concerned with revenue and capital expenditure on education and children's services.

Main themes from the consultation

Support for our reforms:

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. Our intention since the introduction of the NFF has been to move in time to every school’s final funding allocation being determined by the same, national formula. This remains our long-term goal for delivering a fair funding system. A direct NFF will make funding simpler and more transparent for all those involved to understand. Allocating funding on a consistent basis, regardless of which local authorities they happen to be located in, will provide schools and trusts with the predictability needed to make the best use of resources and drive up academic standards.

This was the central proposal in our consultation, *Completing the Reforms to the NFF*, which also outlined how the Government planned to achieve this change. We received significant support from the sector for this change; the majority of respondents agreed that this would achieve our aim of a funding system that is fair for every school, with funding matched to a consistent assessment of need.

The Government can confirm we intend to allocate funding to schools directly through a single national funding formula. Through the completion of these reforms, school funding allocations through the NFF will no longer be subject to substantial local adjustment. This is the only way we can be sure that pupils with the same needs will attract equivalent level of funding regardless of where they happen to live. Only by using a single, national formula to determine the funding for schools directly will the Government realise the full benefits of the NFF.

Completing the NFF reforms:

- The Department will move to allocate funding for all mainstream schools according to a single, national formula
- The Government will bring forward the relevant legislation to achieve this change when parliamentary time allows

Gradual approach to transition:

In the consultation, we recognised that the direct NFF represented a significant change, and one that requires a careful transition to avoid any unnecessary or unexpected disruption to schools. The consultation responses underlined that the move to a direct NFF will be complex, and that we should take a careful and measured approach to transition.

We plan to transition to the direct NFF by bringing those LAs whose local formulae do not

already mirror the NFF progressively closer to the NFF over time. The proposed approach for 2023-24 – that is, requiring all LAs to use each of the NFF factors, and no others, in their local formulae, and moving each LA's local formula factor values (at least) 10% closer to the NFF values – received a high level of support from respondents.

We can confirm that this is the approach we will take in 2023-24; the full details and requirements for LAs will be provided alongside the July 2022 NFF announcement in the schools funding operational guide. This provision will be included in the relevant School and Early Years Finance (England) Regulations. At the same time, we will maintain the protections within the funding system (such as the minimum funding guarantee) to minimise disruption for schools.

In future years, we will consider the impact of the previous transitional step before decisions are made regarding subsequent movement towards the national formula. In line with the consultation document, we have not proposed a fixed target date by which the direct NFF will be in place, but rather that the path to the direct NFF, and the pace at which we move along it, will be informed by ongoing feedback as we proceed. Our ambition is to build momentum towards these reforms through gradually increasing the pace at which local formulae are tightened in subsequent years.

Transition to the direct NFF

From 2023-24, the Department will require:

- LAs to use all, and only, NFF factors in their local formulae
- All local formulae factors to move at least 10% closer to the NFF, except where local formulae are already “mirroring” the NFF
- LAs to use the NFF definition for the English as an Additional Language (EAL) factor (although flexibility over the sparsity factor methodology will remain in 2023-24)
- The approach to transition in subsequent years will depend on the impact in the first year

Developing the schools NFF:

The consultation included proposals for how specific aspects of the current funding system would need to change and be developed to allow us to move effectively to a direct NFF. This included developing the schools NFF to allocate funding for additional premises costs on a formulaic basic, rather than this being based on historic spending, and a better approach to funding for schools seeing significant growth in pupil numbers or falling rolls. In both of these areas the Government is committed to funding allocated to schools to reflect the overall principles of a direct NFF: simple, transparent and fair.

We want to improve the allocation of funding through premises factors within the schools NFF (those relating to schools situated on more than one site, schools with PFI contracts, and other exceptional circumstances). The consultation discussed each of these areas in turn. Broadly, the responses agreed that the Government would be able to allocate 'split sites' funding on a formulaic basis, and we plan to consult on this shortly. On the other premises factors, there were a variety of views about exceptional circumstances and PFI funding.

The consultation also outlined how, in moving to a direct NFF, we will need to reform our approach to funding for schools experiencing significant growth, and declines, in pupil numbers. The consultation document included some proposals for reforms to growth funding for a national, standardised system to support the move to a direct NFF. We will consult further on this issue in a second consultation in 2022, where we want to test a range of options – including those which would allow some degree of local flexibility.

Next steps for improving the schools NFF:

Over the coming year, the Department will:

- Consult on an approach to the split sites factor and to the PFI factor in the NFF
- In the second stage consultation, include proposals for the revised growth and falling rolls factor – and some options which would allow a degree of local flexibility
- In the second stage consultation, include proposals for an exceptional circumstances factor

Question analysis

This section outlines the analysis of the 15 questions within the consultation, and other issues raised by respondents.

Completing our reforms to the NFF

Question 1

The consultation proposed that all NFF factors – pupil-led and school-led – should be included within the direct NFF and that funding should be allocated directly to schools, without further adjustment by LAs.

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 direct formula, without further local adjustment through local formulae?

	Total	Percent
Yes	182	59%
No	103	33%
Unsure	26	8%

There were 311 responses. The majority of respondents were in favour of the Government allocating all pupil-led and school-led funding factors directly through the NFF on the basis of a single national formula, without further adjustment through local formulae. In particular, there was a high level of support from academies, with 86% of respondents from academies or MATs in favour of the introduction of a direct NFF. 48% of maintained schools were in favour of the proposal (compared to 39% opposed). Local authorities were evenly split: 45% of those who responded were in favour of, and 45% opposed to the policy.

Those who supported the policy highlighted that this would ensure fair and consistent funding for schools. A number of respondents highlighted particular anomalies in the current funding system which have affected them. A number of respondents who were in principle in favour of the move to funding schools directly, however, had a number of concerns about the structure of the current NFF. These wider issues raised about the existing NFF are discussed on page 42.

Respondents who were not in favour of the proposal raised concerns that a directly applied national formula would not be able to capture the local circumstances of each school. The majority of these comments said that more complex issues around premises

would not be suitable for a national formulaic allocation; these issues are discussed below in response to question two. In addition, some respondents argued that LAs are best placed to respond appropriately to issues facing their schools locally – examples of this included designing their local funding formula to account for local falling rolls in primary schools; for local knowledge about the financial position of schools; and/or for especially rural schools.

A small number of respondents discussed the interaction between funding for mainstream schools and high needs. Some LAs were concerned about the impact on high needs budgets of allocating funding to schools directly, if this prevented the current system under which LAs can transfer money between their schools and high needs blocks. Concerns around high needs are discussed in more detail on page 45.

Some respondents were also concerned about transparency and the opportunity to influence school funding decisions. For example, a number of respondents called for local schools forums to have a consultative role on the NFF.

Government response

The Government can confirm our long term aim remains to allocate schools' budgets directly through a single national funding formula, rather than school funding being subject to further adjustment from one of 150 LA formulae. This will remove the role of LA formulae in determining schools' core funding allocations and instead set these directly through a single national formula. This position was supported by the majority of those who responded to the consultation, including just under half of local authorities.

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. We believe directly allocating funding for schools will be more transparent. Schools and parents will know 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.

The Government has always been clear that, as part of the move to a single national funding formula, we will further develop the growth and premises factors within the NFF. While the Government is committed to further support and reform to the SEND system, so that LAs' high needs budget can reach a position of financial sustainability, we will also consult on a new mechanism, in place of the current block transfers, and which is consistent with the direct NFF and with future reforms to the SEND system, to be developed for situations in which individual LAs to face a mismatch between their high needs funding and the pressures on their high needs spending (for example because of the particular nature of SEND provision in their local area). The Government's approach to this is discussed below.

Developing the schools NFF

Question 2

The consultation noted that specific aspects of the current funding system would need to change and be developed to allow us to move effectively to a direct NFF. This section included proposals on how we could improve premises factors to be based on a consistent, objective assessment of current need, rather than previous years' spending decisions.

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

We have categorised the 198 responses to question 2 into four sections: first the more general common themes, including the proportion of respondents who made those points; and then responses specifically relating to split sites, to private finance initiative (PFI) and to exceptional circumstances.

Common points raised	Total	Proportion of points
Premises funding not suitable for NFF	70	35%
Capital funding concerns	45	23%
Supportive of proposals	41	21%
Continued LA involvement	33	17%
Fund premises outside of NFF	14	7%
Role of funding protection	9	5%
Against the use of historic costs	9	5%

A number of respondents (70) questioned the ability of a national, formulaic calculation of premises funding to properly reflect the individual circumstances of schools, with some (33) calling for LA involvement in premises funding to remain. These respondents argued that the local arrangements, managed by those with local knowledge, currently in place were more appropriate than a national formula. Respondents raised concerns as to how we would be able to address local changes and keep allocations up to date without LA involvement. Some advocated that any approach should retain some level of local flexibility, minimising the risk of unintended consequences.

There was also some support from respondents (41) to develop a formulaic approach for premises factors, increasing transparency, efficiency, and accountability, and ensuring funding is more closely aligned with need. Respondents argued that the continued use of historic costs is unsustainable, goes against the principles of the NFF and risks locking in

under and over funding. Of the three premises factors, 26 respondents identified split sites as the factor that could most feasibly be captured in a formula, a view shared most commonly by LAs (19).

Some respondents suggested that premises factors should be funded outside of the NFF (14), with other arrangements in place, such as claiming costs directly from ESFA, or a national application process.

A number of respondents (45) raised points on funding for maintenance and capital projects. Respondents suggested that allocations should take into account the size, age and condition of buildings. There were also comments on the amount of capital funding available, the CIF bidding process and the timing of capital funds. These comments are not in scope for this consultation on completing the reforms to the NFF.

Some respondents responded specifically on issues of formularising particular factors within the NFF: the remaining analysis takes specific points on the three premises factors: split sites, PFI, and exceptional premises.

Split sites:

Common points raised	Total	Proportion of points
Eligibility criteria	15	8%
New split sites and school expansion	4	2%

The main comment raised by respondents (15) on a split sites formula was the need for clear eligibility criteria. Respondents argued that there are additional costs associated with running a second site which needed to be accounted for, regardless of distance or sites being separated by a road. We received suggestions that consideration should be given to the distance between sites, the size of a site, how rural it is, and whether there are multiple points of entry to a site.

A small number of respondents (6) questioned how accurately and adequately a national formulaic approach to the split sites factor could capture the variety of split site schools. Other comments raised included that without suitable split sites funding, schools with multiple sites may become unattractive to MATs, and that any funding should not incentivise schools to operate across new, additional sites.

Private finance initiative (PFI):

Common points raised	Total	Proportion of points
Continue existing arrangements	9	5%
Reform PFI contracts	9	5%
Model additional costs	8	4%
Maintain affordability gap	8	4%
Ensure inflation is accounted for	5	3%
Role of LAs	5	3%
Opportunity for local adjustment	4	2%
Fund actual costs	4	2%
Manage outside of NFF	3	2%

Responses came largely from LAs (17) who highlighted the range of variables in contracts including different values, start and end dates, local affordability gap models and methodology for determining school contributions. Nine respondents, mostly LAs (6), argued that the existing approach to funding PFI schools should continue. A number of respondents suggested that the Department would struggle to formularise a PFI factor, due to the complexity and wide variation in PFI contracts.

There was some support from respondents for a bottom-up approach modelled on additional costs as a fairer and more consistent approach. Some respondents offered alternative approaches, including funding PFI schools on an actual cost basis so that schools are not left with shortfalls, keeping PFI outside of any formula until contracts expire, and treating PFI as a separate legacy grant. We received a number of responses (9) on reforming PFI contracts more broadly, including central Government taking responsibility for contracts and payments, renationalising PFI schools, and buying out PFI contracts. These comments are not in scope for this consultation on completing the reforms to the NFF.

Respondents also highlighted the need for a minimum protection to ensure all PFI schools can meet their contractual obligations, although it was raised that this must be removed when contracts come to an end. Some respondents also highlighted that an approach was needed for PFI special schools which are funded from the high needs block (and thus out of scope of this consultation).

Exceptional circumstances factor:

Common points raised	Total	Proportion of points
Eligibility for factor	8	4%
For an application process	6	2%
No application process	3	2%
Remove funding	3	2%
Keep funding	3	2%
Remove restrictions	3	2%
Ensure BSF schools continue to be funded	3	2%
Regional pot managed by schools forums	2	2%
New exceptional circumstances	2	2%

Some respondents (3) commented on the importance of exceptional circumstances funding for schools, and cautioned the Department against removing this funding, whilst others fed back that funding should be removed completely, protected by the minimum funding guarantee (MFG) (3). Other respondents requested that we remove the funding restrictions on what can qualify as an exceptional circumstance to recognise a greater number of circumstances. Eight respondents commented that there needs to be more clarity on what is covered by exceptional premises funding.

A number of respondents supported an application process for exceptional premises (6) as the fairest approach to capture the range of circumstances. However, others (3) argued that such a process would be an additional burden and risks funding being provided based on the quality of application, rather than need.

Government Response

We will continue to consider how we can improve the allocation of funding through premises factors as part of the move to the direct NFF. The feedback gathered in the consultation will feed into more detailed proposals. Taking these in turn:

Split sites

Of the three premises factors, consultation responses recognised split sites as the factor where it would be most feasible to develop a formula. The Government can confirm that we will develop a formulaic approach to split sites as part of the direct NFF. This will make funding for schools with split sites simpler, fairer and more consistent, taking into

account the additional costs associated with having additional sites. We will consult on further details of our proposal for a split sites formula later this year with the intention of implementation in the 2024-25 NFF].

Private Finance Initiative (PFI)

We recognise that a number of respondents raised concerns about the complexity of PFI contracts and the additional costs PFI schools incur. We are committed to ensuring that we fund PFI schools appropriately and will look at developing a new approach to PFI funding for schools, working closely with the sector, that reflects the variety of contracts and issues, to be consulted on at a later date.

Exceptional premises

We can confirm that we will continue to include an exceptional circumstances factor in the NFF. We will include further details on our proposed approach in the second stage consultation.

Approach to growth and falling rolls funding

Question 3

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

The consultation proposed that the Department introduce a national, standardised criteria to allocate funding for schools experiencing significant growth in pupil numbers and/or falling rolls. Question 3 of the consultation tested whether people agreed with this proposition. There were 310 responses.

	Total	Percent
Yes	157	51%
No	101	33%
Unsure	52	17%

The majority of respondents agreed with our proposal to use national, standardised criteria to allocate all aspects of growth and falling rolls funding. Breaking this down by respondent type, the highest level of support was from academies, with 82% of those who responded in favour of the introduction of national, standardised criteria to allocate all aspects of growth and falling rolls funding. Only 11% of academies were opposed to the proposed change and 7% were unsure. The equivalent figures for those who supported the policy from maintained schools and local authorities was 40% and 34% respectively, with 40% and 17% opposed.

Question 4

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

We have categorised the responses to question 4 into the following common themes, including the proportion of respondents who made those points. There were 218 responses.

Common points raised	Total	Proportion of points
"Popular" growth funding should extend to maintained schools as well as academies	87	40%
Arguing that some local flexibility in allocating growth funding will be important, to support LAs' place planning responsibilities	66	30%

Common points raised	Total	Proportion of points
Asking for DfE to clarify what counts as "significant growth"	58	27%
Flagging that data reporting requirements on LAs may be a significant burden	33	15%
Concern over uncertainty for schools (e.g., whether growth funding is clawed back if growth does not materialise, or if direct NFF growth funding criteria departs significantly from previous local arrangements)	32	15%
Arguing that falling rolls funding should not just be restricted to schools with Good/Outstanding Ofsted judgement	27	12%
Consultation proposals should lead to greater consistency/fairness	19	9%
Arguing that falling rolls funding should not be restricted to schools where need for places within three years can be evidenced - arguing for a longer or more open-ended time period	14	6%
Funding for new schools needs to recognise how costs differ between types/circumstances of school	12	6%
Flagging that the in-year adjustment process will be important, as not all growth can be forecast in advance	11	5%
Asking DfE to clarify how infant class size requirement will be reflected in growth funding under a direct NFF	7	3%
Don't support the rationale/need for a national falling rolls fund	2	1%

Some respondents (19) highlighted that the current approach to funding has an inherent unfairness, whereby schools experiencing similar levels of growth (or falling rolls) receive different levels of financial support based on their geographies. Respondents supported the proposed approach as this would ensure fairer and consistent funding for all schools.

A number of concerns were raised about introducing a nationalised, centralised approach. These included 66 respondents who argued that LAs should retain a role in the allocation of funding for growing schools to ensure it aligned with their pupil place planning responsibilities. These respondents were sceptical of the extent to which a national growth funding factor could allocate funding to meet the full variety of local needs. In addition, 33 respondents argued that any national process could lead to additional bureaucracy and cautioned against the considerable resource burden to the Department and local authorities to collect the level of data required.

The highest proportion of responses related to the eligibility criteria for “popular” growth – in the consultation, we proposed that under a direct NFF, additional funding for schools which see growth in pupil numbers because of parental choice, rather than basic need

demographic pressures, should continue to be limited to academies. On “popular” growth funding, there were widespread concerns (87) in the responses to the consultation that the restriction of this funding to academies was contrary to the stated principles of achieving greater consistency in funding under a direct NFF.

Some consultation responses flagged concerns around our proposals to continue limiting falling rolls funding for schools that see declines in pupil numbers, to only those with Good or Outstanding Ofsted judgments (12%), and to schools where the surplus capacity is forecast to be needed within three years (6%). It was argued that, in light of current demographic trends, this would target falling rolls funding too narrowly.

A number of respondents (58) asked the Department to provide more clarification around the requirement for growth to be “significant” in order to attract funding, as this term was not defined within the consultation. Some respondents felt they couldn’t accurately gauge the impact of the changes or be able to assess the impact this would have and were concerned that there could be a budgetary impact where growth falls just below that threshold.

Lastly, there were 32 respondents who expressed a concern that the move to a nationalised system would cause uncertainty for schools. Respondents suggested that some schools will have agreed to expanding their capacity on the basis of LA growth funding allocations, and that moving to a national, standardised system could cut across these expectations.

Government response for Question 3 and 4

A majority of respondents to this question supported the proposal to use national, standardised criteria to allocate all aspects of growth and falling rolls for funding. We are committed to improving how growth funding is allocated, to achieve greater simplicity, fairness and consistency. However, we recognise that this is a complex area of policy and that the consequences for local school place planning processes will need to be carefully considered.

Accordingly, a focus of our next stage of consultation on the direct NFF will be a more detailed set of proposals on growth and falling rolls funding. A key part of this consultation will be testing the details of a how a national, standardised approach to growth and falling rolls funding should be designed and implemented. This will include, for example, proposals on the national criteria to be set for when growth is “significant” enough to attract growth funding, as well as proposals on how this funding could be allocated – for example, whether through per-pupil allocations or a lump sum.

We recognise that in the consultation responses concerns were raised around the consequences of moving to a purely national, standardised system. We have considered these carefully, and in the next phase of consultation we plan to develop further options for growth and falling rolls funding, which would allow some degree of local flexibility.

This would still be a significant step forward in the consistency and fairness in how this funding is allocated.

The next phase of consultation will, therefore, present a more detailed set of proposals regarding a national, standardised approach. We will also present alternative options which would allow a greater role for local authorities to determine final growth and falling rolls funding allocations – while still achieving greater fairness and consistency than the current system. We are keen that stakeholders can consider these options in the round before we confirm how growth and falling rolls funding will be allocated under a direct NFF.

We recognise that a number of respondents raised concerns about the funding for growth outside of basic need demographic pressures being available only to academies, rather than LA maintained schools. However, it is our strong view that this is not inconsistent or unfair, but rather a reflection of the particular role that academy trusts play in the school system. A key rationale for the provision of this funding is to remove a disincentive for MATs to take on underperforming maintained schools, which historically have had low pupil numbers, into their trusts so that they can lead school improvement. The rationale for this funding therefore does not apply to schools which do not join academy trusts. In the next phase of consultation, we will present more detailed proposals on how the allocation of this funding can move to an automated, more transparent system – replacing the current system which requires academy trusts to apply to the ESFA to request such funding.

Approach to transition

Question 5

The consultation proposed that, from 2023-24 we will begin to place further restrictions on local formulae so that schools' allocations through local formulae move closer to the NFF distribution, ensuring a smooth transition towards the direct NFF and delivering a more consistent funding system. The first proposal was that from this first transitional year, each LA would be required to use all the NFF factors, and only the NFF factors in their local formulae, with the exceptions noted in questions 9 and 10.

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?

We received 308 responses to this question, with a majority agreeing with the proposal.

	Total	Percent
Yes	237	77%
No	47	15%
Unsure	24	8%

Support for this proposal was strongest from academies, with 91% agreeing that each LA should be required to use each of the NFF factors from 2023-24. A majority of respondents from each category supported the proposals, with 77% agreement from LAs, 65% from maintained schools and 63% from sector organisations. More generally, of those who did not support the move to a direct NFF, some nevertheless agreed with a gradual approach to transition, including the use of all formulae factors. Some respondents noted that the factors should remain under regular review to ensure they are the best set of proxies available.

A number of respondents said that NFF factors which have been significantly reformed recently should be excluded from being required in the first year of transition; this is discussed further in response to questions 9 and 10. Respondents highlighted that the approach to transition should take careful account of the difficulties LAs may face in "mirroring" the NFF.

Some respondents disagreed with this proposal because some NFF factors were not significant or relevant to their area, such as the mobility and sparsity factors. Also, some respondents believed that LAs should be free to retain the use of a looked after children (LAC) factor – even though this is not factor within the NFF.

Government response

We can confirm that the Government will require LAs to use each of the NFF factors, and only NFF factors, in their local formulae in 2023-24 as part of the first step to bring them closer to the NFF. This requirement will be reflected in the 2023-24 Authority Proforma Tool (APT) which will require LAs to apply each of the NFF factors and omit the LAC factor. We will also modify the School and Early Years Finance Regulations such that LAs are legally required to use all and only NFF factors in their local formulae.

Through requiring LAs to use only NFF factors, the optional looked after children (LAC) factor will no longer be permitted within local formulae. This factor has not been included in the NFF since its introduction because we believe the current deprivation factors used in the NFF more appropriately capture a broad group of disadvantaged pupils, including looked after children. In addition to the funding through the NFF's deprivation factors, the Government provides funding directly to support LAC and post-LAC through the pupil premium with schools receiving £2,345 per pupil who are LAC or post-LAC. Currently, only 10 LAs use the LAC factor with per pupil values ranging from below £500 to above £2,500, and this makes up a total of £1.7 million funding being distributed through this factor in 2021-22 nationally. Therefore, not permitting the use of this factor in local formulae should only cause minimal change.

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 to the expectations on schools. We will continue to review the NFF factors, and the values assigned to them, on an annual basis, including for the 2023-24 NFF. A wider discussion of the responses we received on the make-up of the NFF are discussed below.

While from 2023-24 there will be a requirement on LAs to use all NFF factors, and only NFF factors, in their local formulae, in some cases LAs will have no schools eligible for a particular factor. For example, some LAs will have no small and remote schools attracting funding through the sparsity factor. In such cases, while an LA would be required to include the factor in its formula, no funding would be allocated through this factor.

Question 6

As part of the proposal to begin a smooth transition to the direct NFF in 2023-24, the consultation included proposals that LAs with formulae that are not already "mirroring" the NFF should move the local factor values closer to the NFF factor values so that schools' allocations through local formulae move closer to the NFF distribution.

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 direct NFF for schools?

This question received greater support than question 5. Of the 310 respondents, 83% agreed with the proposals.

	Total	Percent
Yes	258	83%
No	36	12%
Unsure	16	5%

Again, the level of support was highest amongst academies, at 92%, with 78% support from LAs, 85% from maintained schools and 72% from sector organisations.

Respondents were broadly supportive of the incremental approach outlined in the consultation, arguing that the Department should reflect and build on feedback from schools and LAs. We should also closely assess the impacts during transition to inform future steps in transitioning.

Some LAs disagreed with this proposal because they have purposefully distributed funding across their factors differently to the NFF. For example, one LA argued that they had directed proportionally greater funding towards the additional needs factors: deprivation, low prior attainment and English as an additional language (EAL). The transition will mean schools with higher additional needs will be moved onto funding protections and schools that have lower additional needs will gain more funding. Other LAs argued that they had directed extra funding to the lump sum factor to support small schools, and this change will decrease funding for small schools. Respondents also suggested that the Department share and analyse the reasons for why LAs may choose to depart from the NFF, as this may indicate where the current formula needs improving.

Government response

In light of the significant support for this approach, we can confirm that we will commence the process of requiring LAs to move their factor values closer to a direct NFF in 2023-24. Again, this will take the form of placing further restrictions on LA formulae through the APT and the annual School and Early Years Finance Regulations, so that LAs will be required to move each formula factor value closer to the NFF factor value from 2023-24. This will not include LAs that already “mirror” the NFF.

We will continue to review the NFF factors, and the values assigned to them, on an annual basis, including for the 2023-24 NFF to ensure improvements are made where needed.

Question 7

In the consultation we asked for views about the rate at which we would require each LA to bring each of its local formula factors closer to the NFF factor value, compared to how far the factor was from the NFF value in the previous year. We would also set requirements such that LAs could not “overshoot” the NFF value (for example, a 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 proposed 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 direct NFF and take an informed decision on how quickly we should move to a direct NFF thereafter.

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?

We received 309 responses to this question, with a majority (59%) agreeing to the proposal and a significant proportion (17%) of respondents who were unsure. This question received a slightly lower level of support than questions 5 and 6, mostly due to a decrease in support from academies, dropping to 71% compared to 91% and 92% in questions 5 and 6 respectively. There was support for this proposal from 60% of local authorities and 49% of maintained schools (where 28% were unsure).

	Total	Percent
Yes	183	59%
No	75	24%
Unsure	51	17%

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

We have categorised the responses to question 7b into the following common themes, including the proportion of respondents who made those points.

Common points raised	Total	Proportion of points
Transition should be quicker	47	37%
Transition should be more gradual/start later	5	4%
Uncertainty around how transition will affect the use of minimum funding guarantee (MFG) and gains capping	11	9%
Local authorities need to have greater flexibility throughout the transition process	24	19%

Common points raised	Total	Proportion of points
Transition will have a negative impact on particular schools' funding	10	8%
Requested a timeline for fully implementing the direct NFF	7	6%
Small schools will be affected negatively	7	6%
High needs funding is at risk	6	5%
The NFF needs to be improved before transition starts	6	5%
The impact of this transition should be assessed before taking further decisions on moving to a direct NFF	5	4%
Impact on the role of schools forums	3	2%
The data lag between school NFF data and APT data used by local authorities is unknown	3	2%
Uncertainty around a school's ability to plan its budget	3	2%
Uncertainty around a LA's ability to cope with growth and falling rolls	3	2%

We received 126 responses to our question asking respondents to explain their reasoning for disagreeing. Of those who disagreed with the proposal, the most frequent comment was on the speed of transition needing to be quicker (40). There were varying alternative figures to our suggested 10% initial movement mentioned such as 15%, 25% and 50%. The majority of these were from academies (18) who are strongly in support of the direct NFF. Respondents were concerned that completion would take too long if starting at the proposed initial 10% rate. Some academies, and 3 LAs, did not agree that LAs would face affordability issues, due to flexibility in their use of funding protections, and capping gains to manage affordability.

On the other hand, 5 respondents supported a more gradual approach to transition, including that transition should commence after 2023-24. A number of maintained schools said that uncertainty in the system caused by COVID-19, such as an increase in falling rolls, meant that the Department needed to be more cautious.

Some respondents, particularly sector organisations, also argued that the Department should not commence transition towards the direct NFF until there was greater clarity on the future system for high needs funding. These arguments highlighted the uncertainty around the financial implications of the Department's SEND Review. A small number of respondents called for clarity from the Department on whether schools funding could continue to be used to meet high needs funding pressures under a direct NFF (under the current system, LAs have some flexibility to transfer money from the schools funding block to the high needs block).

Some respondents (24) argued that LAs should have more flexibility throughout the transition period. For example, one respondent suggested that 10% was the appropriate degree of movement, but thought that it should be an overall movement per LA rather than a movement per LA factor. Others suggested a focus on only moving LAs that are furthest away from the NFF, or that LAs should decide their transition pace within a certain timeframe.

We received responses from a number of respondents who supported retaining the incremental approach throughout the transition period. Some respondents (5) argued that we needed to be able to consider the impact of changes before decisions were made on subsequent movements towards the direct NFF, and that there should be transparent scrutiny of these impacts to ensure that the timeline was not arbitrary. In addition, respondents argued that our approach, over a period of time, would allow schools the time to understand and mitigate any negative impacts ensuring no “cliff edges” for schools. Moreover, transitioning rapidly would mean an increase in capping gains for transition to remain affordable for LAs. Any extensive gains capping could, it was argued, defeat the purpose of the direct NFF, and a gradual approach minimises this.

Some respondents (17%) were unsure about the 10% movement, and these responses expressed uncertainty on the impact from moving factor values closer, as well as the uncertainty more generally about other sources of funding and/or pressures on costs such as staffing in 2023-24.

We received responses which discussed the effect transition would have on year-on-year changes in their budgets, with 10 believing this would have a negative impact. In addition, 7 respondents highlighted that small schools would be particularly affected.

Comments on MFG flexibility included some LAs being concerned that even a 10% transition towards the NFF would create financial pressures as some schools will begin to have their funding protected through the MFG. Respondents said that LAs should not be forced to use low MFGs and gains caps to achieve an arbitrary percentage move towards the NFF, and instead transitioning to the NFF should only be mandatory if LAs didn’t need to adjust their MFG and gains cap in order to do so. They argued the effect of transition would bring more schools onto MFGs, which would mean that LA formulae would not be responsive to changes in need for these schools and may result in these schools receiving smaller year-on-year increases in funding.

Government response

In combination with the proposals in questions 5 and 6, the Government will, in 2023-24, require that all LA formulae factors move 10% closer to NFF factors compared with their distance from the NFF in 2022-23.

Our view, which was shared by the majority of consultation respondents, is that a 10% movement strikes the right balance when determining the speed of transition towards the direct NFF. This pace will be gradual enough to smooth the transition to a direct NFF for

schools, by avoiding a cliff edge between the current LA-level formula and the NFF (noting that funding protections will mean that schools do not face excessive year-on-year changes in cash per-pupil terms). The pace is also significant enough for the Department to take stock of the impact of this change before decisions are made regarding subsequent movement towards the direct formula for future years.

In bringing LA formulae closer to the NFF, we think it important to take a gradual, measured approach. In subsequent years we will then take stock, and consider the impact of this movement, before taking the next step. The path to a direct NFF, and the pace at which we move along it following 2023-24, will be informed by ongoing feedback as we proceed. Our ambition is to build momentum towards these reforms through gradually increasing the pace at which local formulae are tightened in subsequent years.

A few respondents were concerned over LAs not having sufficient flexibility under a 10% movement. However, we think it is important that we take a consistent approach to transition for all LAs. 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. A percentage terms movement towards the NFF should accommodate these differences, although the required changes will be different in absolute terms and depend on how far the local formulae is from the 2022-23 NFF. LAs would be free to move to their formulae to the NFF faster than we require if they so choose – our proposals would simply set a minimum degree of movement towards the NFF in 2023-24.

For our response to concerns over the high needs budget and the SEND review please see page 45.

We recognise the concerns over the impact that transitioning to a direct NFF will have on affordability for LAs. We think these will be minimal in 2023-24; analysis included in the consultation 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. However, we will do further analysis to check that we are not placing any LA in a position where they are unable to set an affordable local formula given the current MFG requirements. We plan to test whether LAs would have found the process of moving 10% closer to the NFF values affordable with the current MFG flexibility using 2021-22 as our test year. 2021-22 should offer a good “test case” given that fluctuations in data (in part due to the impact of the COVID-19 pandemic) led to notable differences between the data used for the NFF and that in local formulae.

In addition, the Department will publish an analysis of the impact of the first transitional step towards the direct NFF on individual schools and different types of schools in July 2022, and this analysis will be updated annually for each subsequent transitional year.

Question 8

The consultation said that the Department would not require LAs to move factor values nearer to the NFF if they were already very close to – “mirroring” - the NFF. We welcomed views on an appropriate definition of “mirroring” the NFF during the transition to a direct NFF, such that these LAs should not be required to move even closer to the NFF in advance of the move to a direct NFF

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?

We had 150 responses to this question. The most frequent response that we received was support for our suggestion of a 1% threshold (19), which accounted for 13% of the responses and was predominantly from LAs. They agreed that the threshold was reasonable and would allow sufficient flexibility for LAs. Other respondents suggested alternative options, which range from less than 1%, to 10%.

Common points raised	Total	Proportion of points
Threshold should be 1%	19	13%
Local authorities should “mirror” the NFF exactly without a threshold	15	10%
Threshold should be 5%	14	9%
Local authorities need to have flexibility	8	5%
Context is needed around a timeline for fully implementing the direct NFF	4	3%
Local authorities should determine their own threshold	3	2%

Some responses asked for a 0% threshold – this would mean that local authorities had no flexibility to depart from the NFF. Almost all these responses were from academies who argued that a direct NFF would not be fully implemented if there was a threshold.

Other responses (14) asked for a 5% threshold, 6 of which came from academies, and 2 of which were from sector organisations, NEU and CST. NEU said 1% seemed too narrow when LAs can operate with more up-to-date data than the NFF.

Responses which argued that LAs should have flexibility to determine their own thresholds were mainly from LAs. Some respondents also flagged that recent fluctuations in pupil characteristics data due to the COVID-19 pandemic meant that some flexibility to not exactly “mirror” the NFF would be needed. In addition, some respondents said LAs would understand the needs of schools in their local areas better than the Department and therefore should decide how much flexibility they need.

Government response

Most respondents did not specify a threshold for mirroring the NFF, and of those that did a plurality of respondents agreed that 1% would be an appropriate threshold to use to determine formulae factors which “mirror” the NFF, as respondents felt it would allow sufficient local flexibility within the formulae to cope with data changes. We also did not receive any evidence or analysis as part of our consultation that demonstrated that the proposed 1% threshold would not be suitable. The next most common suggestions were for a 0% threshold, a wider threshold, or a 5% threshold. A 0% threshold would raise affordability issues for LAs in the case of local data being different to NFF data, and we would not want remove flexibility for LAs in this case. A 5% threshold would allow LAs significant flexibility to depart from the NFF, and we do not believe it would align with our wider policy aim to provide schools with a smooth transition to the NFF.

We plan to use a 1% threshold unless analysis suggests that this threshold is not appropriate (i.e. that it would create affordability issues for LAs). We will keep this threshold under review.

Question 9

For pupils with English as an additional language (EAL), LAs currently 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. The NFF methodology of EAL3 means that all pupils with EAL that have entered the school system during the last 3 years will attract funding through the EAL factor. In contrast, using an EAL1 indicator for the EAL factor means that only EAL pupils entering the school system during the previous year will attract funding and for the EAL2 indicator, EAL pupils entering the school system during the last 2 years.

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?

We received 308 responses to this question and the majority agreed with the proposal.

	Total	Percent
Yes	201	65%
No	64	21%
Unsure	43	14%

A strong majority of both LAs (76%) and academies (70%) agreed that additional flexibility for LAs in the EAL factor should be removed. In comparison, the view was more mixed amongst sector organisations and maintained schools, with 50% and 48% agreement respectively and a significant number of these respondents being unsure, 17% and 22% respectively.

Respondents argued that removing flexibility would target funding toward a greater number of pupils with EAL. Some respondents said that retaining the flexibility for LAs to limit the number of pupils eligible for funding does not reflect the needs of some older pupils with EAL who have recently entered the school system and may be more likely to struggle than younger EAL pupils are.

One respondent argued that the high proportion of LAs who are currently using the NFF methodology of EAL3 and the NFF factor value suggests removal of this flexibility will have minimal impact. Another respondent was concerned that the move from EAL1 to EAL3 could cause turbulence if this move caused a significant increase and suggested an initial move to EAL2 before moving to EAL3.

On the other hand, some respondents argued that LAs were best placed to make decisions over EAL flexibility due to their local knowledge. LAs may wish to reflect that schools face greater challenges if they have pupils with EAL who have entered the school system in the last year, compared to those who have been in the school system for longer.

A small number of respondents called for the Department to provide analysis on the impact this proposal would have on the attainment of pupils with EAL and the financial impact on schools.

Other respondents said that the use of the EAL3 factor only acted as a proxy for additional costs and did not capture pupils with EAL that have been in the school system for longer than 3 years. They believe that these pupils should also be provided with additional support to raise their attainment. One respondent referred to research that shows that many pupils with EAL need more than 6 years of support to achieve proficiency in English and made comparisons to some other English speaking countries that support EAL pupils for 5 years.

Government response

The Government will require LAs to adopt the NFF methodology of EAL3, meaning that all pupils with EAL that have entered the school system during the last 3 years will attract this funding. Removing flexibility for the EAL factor will increase funding towards pupils with EAL and will support the move towards the fully implemented direct NFF. This was supported by the majority of consultation respondents. Currently, the vast majority of LAs currently use the EAL3 indicator which is used in the NFF (in 2021-22, 146 of 150 LAs).

We know that the EAL measure is not an absolutely precise indicator of need at pupil level, and we are keen to improve our data in the longer term. The school census requires schools to report annually on the written and spoken English language proficiency of their individual EAL pupils, using a five-point scale that ranges from “new to English” to “fluent”. This census data may allow us to identify pupils who are in the early stages of English proficiency, and who therefore need more support, more accurately than the current EAL measure. We will keep the data under review and assess its appropriateness for inclusion in the funding system in future.

Question 10

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. We proposed retaining these flexibilities in 2023-24 in order to minimise the disruption for LAs

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

We received 307 responses and the majority of respondents agreed with the proposal to retain additional flexibilities relating to the sparsity factor. This is a smaller majority of respondents that agreed compared with question 9. This is due to a significant drop in the proportion of local authorities (76% to 54%) and academies (70% to 59%) who agreed. In addition, just over a quarter of respondents were unsure.

	Total	Percent
Yes	171	56%
No	57	19%
Unsure	79	26%

Some respondents agreed with this proposal because they believed LAs should have flexibility over the sparsity factor to reflect local needs. Other respondents supported the proposal because retaining flexibility supports LAs to manage recent changes to the sparsity factor and the additional costs this may cause. However, some of the respondents who agreed with this proposal also wanted the Department to share their future plans for sparsity from 2024-25 in order to aid schools and LAs in their planning.

Some respondents were concerned that this LA flexibility would reduce the funding provided to small, rural schools that rely on sparsity funding. They also did not agree that LAs should retain the flexibility to decrease funding for those schools and in addition

contribute to differences in funding levels of similar schools in different LAs. Also, one respondent questioned why the Department would retain flexibilities for sparsity if they were confident in their new methodology and instead suggested a disapplication process for LAs.

Other respondents asked for evidence demonstrating that proxies used to target small, rural schools within the NFF were effective, and asked to what extent sparsity funding targeted all small schools.

Government response

We can confirm that we will keep additional flexibilities relating to the sparsity factor in place for 2023-24. This means that LAs can continue to apply a different tapering to the sparsity factor, which determines how much small, remote schools are allocated, or set different thresholds for how small and how remote schools must be to be eligible for sparsity funding.

This will minimise further disruption on top of the significant change we made recently by introducing a new methodology for calculating sparsity distances in the NFF from 2022-23. As we move to a direct NFF beyond 2023-24, we plan to remove the additional flexibilities for sparsity. This will be confirmed in due course.

Approach to central school services

Completing our reforms to the NFF presents an opportunity to review how funding for central services within DSG should work. We proposed to review how this funding operates to ensure greater consistency across the country and reflect the changing roles in a trust lead system. We will continue to ensure that authorities receive funding for statutory central services that they need to continue to provide.

Question 11

The consultation proposed to review the ongoing services delivered centrally (either by LAs or academy trusts) for schools into three broad categories: (a) LAs' responsibilities for all schools which would continue to be funded through the ongoing responsibilities through the central school services block or through the Local Government Finance Settlement (LGFS); (b) de-delegated central functions for schools that LAs or MATs are responsible for; and (c) optional traded services for all schools.

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?

We have categorised the responses to question 11 into the following common themes, including the proportion of respondents who made those points.

Common points raised	Total	Proportion of points
Supports ring-fencing of DSG/CSSB to provide transparency	66	26%
Would require LAs to make savings from CSSB spend/risks funding shortages	48	19%
A review supports consistency between maintained schools and academies	34	14%
The proposals need further consultation/consideration/detail	32	13%
The Department should provide greater CSSB funding	33	13%
Supports rolling funding into LGFS/LAs should have greater flexibility	20	8%
LAs have an important remaining role in education	17	7%
Commitment to MAT pooling is in tension with wider NFF reforms	18	7%
Changes in CSSB funding will not be linked to changes wider school funding	7	3%
Concerns over Historic Commitments/transition	6	2%

We received 250 responses. Some respondents (17), the majority of whom were LAs, argued that LAs play a vital role in local education provision through engaging across all schools and funding for this role should be recognised and retained. We received representation arguing that Standing Advisory Committees on RE (SACREs) are underfunded by their LAs. More generally, 13% of respondents made the argument for more CSSB funding.

The most common issue raised was whether, in future, CSSB funding could move into the LGFS. Some respondents (20) supported the proposal, arguing that this would allow the LA increased flexibility and that the central education functions related to the other organisation and strategic functions of the LA. On the other hand, 66 respondents (26%) argued that moving funding from CSSB to the LGFS would reduce transparency. These respondents spoke in favour of the current ring-fencing arrangements for CSSB within the DSG as this provided a clear link between the level of resources available and education functions which this funding supports. In particular, respondents from LAs were concerned that if funding for CSSB was moved into the LGFS, then it would not be identifiable.

Relatedly, 48 respondents argued that rolling funding for CSSB into the LGFS would lead to less funding being directed towards education services as funding was likely to be directed towards other pressures which LAs were facing. Some respondents (7) argued that rolling CSSB into LGFS would make future cuts in that funding amount more likely.

Other arguments included that, the distribution mechanism for the settlement was not clear or suitable for allocation of CSSB funding and that, in principle, education should not be funded through council tax.

In addition, we received comments on our proposals to review the current CSSB, with the majority of respondents supporting increased consistency between maintained schools and academies. A small number of respondents asked for this review to be done in the wider context of the Department's view about the role that LAs play within the education system. In addition, a small number of respondents asked if another review was necessary from the process in 2018-19.

There was also support for the continued provision of de-delegation and the move to increased numbers of traded services. Some respondents thought that the increase in use of traded services would foster a market to drive improvement and efficiencies in costs. Some respondents asked for clarification about how de-delegation would continue under a direct NFF, including the proposed timescales and annual return process proposed. However, a number of respondents suggested that the comparison between top-slices for MATs and the process of de-delegation made in the consultation document was not valid given the role which schools forums play in the latter.

Relatedly, a number of respondents (18) criticised the continuation of MATs' flexibility to pool academy funding, arguing that it does not provide the levels of consistency or transparency in school funding which the NFF aims to achieve. They also said that the requirement for this flexibility is less relevant under a direct NFF as trusts will no longer need to standardise the funding received through different LA formulae.

Government response

The Government can confirm that we plan to review the services funded through the ongoing responsibilities element of CSSB. This review will align with the forthcoming Schools White Paper which will provide an overview of the LA role in the school system. The ongoing services that are delivered for all schools will continue to be provided by LAs and funded through central Government funding. For central functions which are delivered on behalf of schools, under a direct NFF LAs will continue to have flexibilities to de-delegate maintained schools' funding, and MATs will continue to have the ability to top-slice academy funding. We recognise the concerns raised around the transparency of MAT top-slices and will examine changes to improve and standardise this process. The second stage consultation will include further details on the funding cycle under a direct NFF, including how we expect the process of de-delegation to continue. In addition, there will be optional traded services which are offered to schools to buy.

We acknowledge the concern around the potential impact were CSSB funding to be rolled into the LGFS, including the importance of having a transparent process for determining the amount and distribution methodology of central services funding. We still believe that rolling in funding could provide helpful flexibility to LAs, particularly if the

simpler distribution methodology used for CSSB formula does not accurately match need to spend. We will keep this under review going forward.

The Government will continue to allow academy trusts to pool their funding: this flexibility can help trusts deliver services across their academies efficiently, and target funding to turn around underperforming schools that they have brought into their trust. This freedom is specifically linked to the structure and responsibility that academy trusts have – with each representing a unified governance structure sitting across each of its constituent academies and playing a key role in delivering the Department school improvement strategy. This is not true for other participants in the sector such as LAs. However, we recognise some of the concerns raised around the transparency of current MAT pooling arrangements and we will examine changes to improve the transparency and consistency of this process.

Question 12

The Central School Services Block also includes a historic commitments element, relating to continuing expenditure by LAs on commitments entered into before 2013. We proposed that the department fully removes the remaining funding for historic commitments by the time the direct NFF is introduced and replacing funding for any remaining unavoidable legacy payments (those for termination of employment costs and prudential borrowing) with a separate legacy grant. There were 340 responses.

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

	Total	Percent
Yes	220	65%
No	35	10%
Maybe	85	25%

Overall, the majority of responses (65%) agreed with removing the remaining funding for historic commitments by the time the direct NFF is introduced and replacing this with a legacy grant for unavoidable termination of employment and prudential borrowing costs. There were some requests to expand the scope of the legacy grant to other areas where local authorities are tied into long term contracts. There were also requests to clarify aspects of the grant, such as whether it would be ringfenced, reporting requirements and how funding would be calculated.

Government response

There was general support for the introduction of a legacy grant for the historic commitments element of CSSB which we will seek to introduce by the time the direct NFF is introduced. We will continue to engage with local authorities and other stakeholders on setting up this legacy grant to ensure it meets the aims laid out in the consultation.

Approach to 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. We wanted to use the 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 the direct NFF 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?

	Total	Percent
Strongly Agree	113	36%
Agree	48	15%
Neither agree nor disagree	41	13%
Disagree	40	13%
Strongly disagree	67	21%

The 314 responses to this question were mixed. A marginal majority (51%) of respondents to this question agreed with investigating the possibility of moving towards a consistent funding year. The academy sector was the most in favour, with 87% of academy trusts in favour of LA maintained schools having the same funding cycle as them, although it is worth noting that this group would be least affected by the change. 62% of maintained schools felt positively about the potential move towards a consistent funding year. LAs were the least in favour, with only 9% supporting the move.

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?

We have categorised the responses to question 14 into the following common points, including the proportion of respondents who made those points. There were 318 responses.

Common points raised	Total	Proportion of points
Additional work for LAs	67	21%
Additional work for schools	62	19%
Facilitate financial planning	53	17%
Duplication of work for the LA financial year end	43	14%
Increase in the funding lag	40	13%
Consistency with academies	20	6%
Align with teacher pay	19	6%
Increased ability to monitor the impact of funding on school improvement	17	5%
Inconsistency with other funding allocations	16	5%
Staff required in the summer holidays	13	4%
Reduction in administration	8	3%
Preparedness for academisation	7	2%

Several points were raised by respondents, covering both the advantages and drawbacks of moving towards a consistent funding year for schools. Many respondents raised a balance of points, which is indicative of the complexity of the issue and the lack of strength of feeling in either supporting or opposing the move.

The disadvantages of additional workload for schools and LAs were identified by 19% and 21% of all respondents respectively. Many of these respondents felt that this could cause additional administrative burdens for both schools and LAs. 4% of respondents were concerned about the lack of staff available during the summer holidays to close the accounts and 14% identified there would be a significant problem with maintained schools having to duplicate work for the LA financial year end. Their feeling was that this additional workload could outweigh any potential benefit to the change. The difference in strength of feeling between LAs and maintained schools was particularly noticeable. Most maintained schools felt positively (62%) about the move which was in contrast to LAs (9%). When a sample of maintained schools were further questioned over the potential increased workload of financial reporting duties to local authorities and budget setting, to explore the issue in more depth, all withdrew their support. The additional workload would particularly affect small maintained primary schools with limited school business management staffing. Many maintained school respondents may have been unaware of this risk and would not have been in favour of a consistent funding year if they had known.

13% of respondents were concerned about the increase in the funding lag for maintained schools that would result from a move to a consistent funding year. They highlighted that a large proportion of school funding is allocated via pupil-led factors and that an increased time lag would mean that the funding allocation is more likely to be outdated and less relevant. 5% of respondents raised concerns over this approach being inconsistent with other funding allocations. These respondents noted that the pupil premium and sports premium were still allocated on a financial year basis.

The potential benefit of better financial planning, through aligning the funding year for maintained schools with the schools' planning cycle, was recognised by 17% of respondents. Respondents noted that school improvement planning and reporting to governors revolves around the academic year. 5% of respondents listed the advantage of being able to track funding allocated to school improvement projects or classes during the academic year. 6% of respondents listed the advantage of aligning funding with teacher pay timescales, noting that teacher pay makes up a significant portion of school budgets. 3% noted the move might reduce administration in dealing with both an academic and financial year. For these respondents, accountability and the transparency of schools' finances would increase, therefore linking school funding to the academic year would be the logical option.

6% of respondents felt that academies and maintained schools should be treated the same way, and that this includes a move to a consistent funding year. They felt that treating academies and maintained schools consistently was the fairest approach. 2% thought the move to a consistent funding year would be helpful for maintained schools to prepare for academisation. Overall, respondents provided more drawbacks than advantages. There was also a strong sense that more information was needed for respondents to give their informed views (some positive responses were conditional on this) and that a move to a consistent funding year should not be a priority for the Department. Respondents also asked that the Department fully investigate the implications of a move to a consistent funding year to prevent against any unintended consequences.

Government response to questions 13 and 14

We acknowledge the mixed response to the possibility of moving towards a consistent funding year. There was a lack of a clear majority in favour of the potential move.

We have taken into account the range of advantages and drawbacks provided by stakeholders. We recognise the significant drawback of the additional workload for schools and LAs, particularly small maintained primary schools, and are concerned this additional burden outweighs the potential advantages listed by some stakeholders of moving towards a consistent funding year for all schools. Therefore, we will not prioritise this policy development as we proceed to introduce the direct NFF.

Other points raised

Question 15

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

Common points raised	Total	Proportion of points
High Needs	49	32%
General NFF (timings, planning, and de-delegation)	38	25%
Local engagement and role of schools forums	28	19%
Changes to NFF	20	13%
MAT Pooling	18	12%
General NFF costs (inflation, MFGs and MPPLs)	16	11%
Equal treatment of academies and mainstream schools	14	9%
Transparency and further consultation	12	8%
Increase schools funding	10	7%
Academisation	7	5%
Early Years	5	3%

We received 151 responses. The highest proportion of concerns (49) related to issues around high needs funding and the upcoming SEND review. Responses pointed to the pressures high needs put on schools funding, suggesting that any direct NFF decisions should be delayed until the impact of planned SEND reforms were known and had been assessed. Respondents argued that funding for high needs was insufficient despite recent additional investment. They also advocated the importance and continued need for transfers of funding from schools to high needs. Respondents were keen for further information on the Government's plan for such funding block transfers.

There were a number of comments on timings. Some respondents noted their support for the Government to implement the NFF quickly, suggesting that it was taking too long to implement and retaining the current funding system was unfair. Respondents also wanted more clarity on timelines and medium-term funding levels to support their planning. Other respondents argued for delaying the implementation of the NFF, pointing out that there remain a number of key decisions to be made, as well as the impacts of COVID-19 on schools.

Some respondents (12) asked for more transparency on our approach and the impact of changes. They also would like the process of implementation to be a continued dialogue, keeping the formula under review to ensure that need is being effectively targeted. Respondents suggested that there needed to be a simpler explanation of the changes targeted at the wider sector and parents.

A common theme raised by some respondents (28) was the importance of keeping local decision making as this allows for flexibility and the ability to respond quickly to local issues, such as changing pupil numbers. Respondents also argued that the NFF lacks accountability, whereas local funding formulae are scrutinised by schools forums and take into account schools' opinions on funding decisions. We received suggestions that the direct NFF should keep an element of local engagement, such as ensuring local discretion during the transition period, reviewing the role of the schools forum post implementation, and developing a national funding forum.

Respondents made a number of suggestions for the direct NFF, such as a 5-10% top-slice allocated at a local level to respond to local need, or a bottom-up funding system. Some respondents said that the current system "double funds" disadvantage, and that funding should either be allocated through pupil premium or disadvantage factors within the NFF, but not both. A number of respondents suggested that the area cost adjustment (ACA) needed to better reflect local weightings for teacher pay and conditions, especially for rural and small schools, and in inner London.

A number of respondents (10) criticised school funding levels as inadequate, with some highlighting the need to increase funding for deprivation. Some respondents raised the issue that removing local flexibility on lump sums disproportionately impacts small, one-form entry and faith schools. Respondents pointed to the need for the NFF to reflect the pressures of inflation, and especially rising energy costs; suggestions included that an annual percentage base funding increase should be built in to cover rising costs, ensuring budget planning is smooth. Relatedly, respondents pointed to the impact of the direct NFF on deprivation, suggesting that the effect of the formula had been to reduce funding to the most deprived schools and vice versa. They asked the Department to keep the formula under review to ensure it targets deprived pupils. Some respondents argued that the NFF does not adequately represent issue of rural deprivation or challenges of small, rural schools.

Some respondents pointed out that proposals on the minimum funding guarantee lock historic funding into the baselines and prevent need-driven distribution across the country. Whilst funding protection avoids turbulence, there is still a risk of considerable variations. Respondents recognised the role of the minimum per pupil funding level (MPPFL) factor but pointed out that schools get similar funding to meet very different levels of need, and this has, in many cases, made pupil needs and characteristics irrelevant to funding. Some respondents criticised the MPPFL as having resulted in less deprived schools benefitting more than more deprived schools. It was argued by some

respondents that funding for additional needs should not be included within the MPPFL as it results in similar funding to schools meeting varying levels of need.

Some respondents (7) raised concerns at about academisation, and argued that the NFF was being designed for an academised system. Respondents (14) argued that academies are being treated more favourably than maintained schools. They advocate that all types of schools should have access to flexibilities such as GAG pooling, popular growth funding, and economies of scale.

Some respondents (5) questioned why early years had not been considered in this consultation. As with high needs, respondents raised concerns about the ability to transfer between blocks to mitigate funding pressures, given the pressures on the sector due to the COVID-19 pandemic and more widely. Questions were also raised on the long-term approach for maintained nursery schools (MNS).

Government response

This Government is fully committed to build a world class education system and has invested significantly in education to achieve that. We are investing a further £7 billion by 2024-25 for the core schools budget in England, compared to 2021-22.

We continue to keep the national funding formula under review and consult with the sector where appropriate. As we move towards an NFF which directly sets schools' funding allocations, the national funding floor and local MFG protections will remain in place. These are important for maintaining stability for schools and protecting them from sudden drops in per-pupil funding.

The Government is committed to levelling up opportunities to make sure all children have a fair chance to realise their potential, wherever they live and whatever their circumstances. Funding specifically targeted towards disadvantaged pupils forms a core part of that. In 2022-23, 17% (£6.7 billion) of the NFF is targeted towards additional needs. The introduction of the NFF has increased the funding directed towards deprivation: the amount allocated to schools through deprivation factors in LA formulae in 2016-17 was £2.4 billion³. This increased to £3.0 billion when the NFF was introduced in 2018-19, and has continued to increase in the years since – to £3.6 billion in 2022-23. Part of the reason for why we see the pattern of distributing funding away from deprived schools is the schools funding system catching up with changes in pattern of deprivation since the early 2000s; many of the more deprived areas which have seen lower funding growth than average have seen significant decreases in deprivation levels over time.

³ [Schools national funding formula \(education.gov.uk\)](https://www.education.gov.uk/schools-national-funding-formula). Figure 2.

The minimum per pupil levels (MPPLs) benefit the lowest funded schools that do not otherwise attract these levels of funding through other formula factors. This recognises that every school should attract a minimum level of funding regardless of their cohort – this was a message we heard in the consultation when we introduced the NFF and have heard from schools and educational professionals since.

We understand the concerns around high needs funding and the importance of the SEND Review. The SEND review remains a major priority for the Government and is considering measures to make sure the SEND system is consistent, high quality, and integrated across education, health and care. These issues are long-standing and complex, but the government is determined to deliver real, lasting change. The SEND review is due to be published by the end of March

We also recognise that block transfers have been a significant mechanism for some LAs to manage recent pressures on their high needs budget. We will consult later this year on proposals for how a continued flexibility to transfer funding from core schools funding to LAs' high needs budgets could operate under a direct NFF as in discussed on page 13. In the meantime, we will continue to work with LAs, schools and colleges to ensure that additional investment in high needs funding is working as well as it can for children and young people with the most complex needs.

While the move to a direct NFF would mean that the role of schools forums will change, we expect that they will continue to play an important part in local decision making and stakeholder engagement. Our proposed reforms do not, for example, have an impact on schools forums' existing roles in relation to early years funding or de-delegation. We also plan to review how schools forums engage with high needs funding issues, following the SEND Review.

Equalities Impact Assessment

Question 16

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

Common Points Raised	Total	Proportion of points
Disability	37	44%
Race and ethnicity	10	12%

Common Points Raised	Total	Proportion of points
Agreement with Government assessment	6	7%
Religion	3	4%
Sex	1	1%
Other	51	60%

We received 85 responses. A large number of respondents (37) commented on the impact a move to the direct NFF may have on those with a disability. One respondent said that the direct NFF would direct more funding at schools with higher proportions of SEN pupils. Other respondents argued that the NFF disadvantages the poorest students who are most likely to have additional needs. They worry that some of these pupils could see a sudden reduction in the support they receive due to changes in the way funding is allocated. One respondent raised a specific concern around the impact on specialist services for deaf children.

Some respondents argued that the overall funding level was insufficient to meet the needs of SEND pupils, especially given the impact of COVID-19 on this cohort. A number of respondents argued that stopping block transfers under the direct NFF could have a disadvantageous effect on SEND pupils and high needs funding. They also suggested that MAT Pooling may reallocate funding in a way that impacts on SEN pupils, and could leave mainstream schools unable to support certain needs.

A number of respondents (10) reflected on the link between race and deprivation, and the view that the direct NFF leaves deprived schools worse off. They argue that pupils from ethnic minority backgrounds are more likely to attend schools in areas of high deprivation, so reforms may have an adverse impact on this group.

Respondents also queried the impact of a loss of understanding at a local level on issues around race. They argue that local knowledge is important understanding the issues EAL pupils face, depending on whether they are refugees and asylum seekers, or the children of professional parents.

There were a number of other comments unrelated to the protected characteristics identified in the Equality Act 2010 for the public sector equality duty.

Six respondents agreed with the Government's assessment in Annex C, suggesting that the NFF is the most equitable way to allocate funds and meet children's needs, benefiting all pupils and all characteristics.

Government response

Our expectation is that the direct NFF will create a fairer and more consistent distribution of funding that is more closely aligned to need, and is essential to support opportunity for all children. This funding system does 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.

We appreciate concerns surrounding the SEND review and on high needs funding and will continue to monitor any implications on disability as proposals are implemented and we have the outcomes of the SEND Review.

We conclude that the equalities impact is justified by the policy rationale and mitigated by the positive impact for these groups built into a fairer and more consistent distribution of funding. We will, however, continue to monitor the equalities impact of a move to a direct NFF, especially surrounding disability and race. This consultation contributed important evidence as part of that process, which we will consider on an ongoing basis and when developing policy in future years.

Annex A: List of organisations that responded to the consultation

This list of stakeholder organisations was drawn from the online form submitted and from responses to the consultation mailbox. Some respondents chose to keep their responses confidential and thus are not listed here, and the list does not include individual respondents, including those on behalf of individual schools.

- Academy Transformation Trust
- Achievement for All
- Achieving For Children
- All Saints Schools Trust
- Association of School and College Leaders
- Association of Colleges
- Aston Tower Multi-Academy Trust
- Barnsley MBC
- Barrow Island CP school
- Bartley Green School
- Bede Community Primary School
- Bedford College Academies Trust
- Bellefield C of E Primary & Nursery School
- Birkby Infant & Nursery School
- Birmingham City Council
- Birtley East Primary School
- Bishop Wheeler Catholic Academy Trust
- Bishopshalt School
- Blackpool Council
- Bolton Council
- Bracknell Forest Council
- Brent Council
- Brighton and Hove City Council
- Brine Leas School
- Brine MAT
- Bristol City Council
- Buckinghamshire Council
- Bury Council
- Calderdale MBC
- Cambridgeshire County Council
- Caroline Haslett Primary School
- Carr Hill Community Primary School
- Cheshire East Council
- Cheshire West & Chester Council Schools Forum
- Chilmark and Fonthill Bishop primary school

- Chopwell Primary
- Chorlton CofE Primary School
- Christ Church New Malden Primary School
- CIT Academies
- City of Bradford Metropolitan District Council
- City of Wolverhampton Council
- Cold Harbour CofE School
- Colerne CE Primary School
- Confederation of School Trusts (CST)
- Cornwall Education Learning Trust
- Coventry City Council
- Cranmere Primary School
- Creative Education Trust
- Croydon Council
- Cumbria County Council
- Cygnus Academies Trust
- Davison CE High School for Girls
- Derby City Council
- Derbyshire County Council
- Devon County Council
- Dorset Council
- Drake Primary and Little Pirates Child Care
- Durham County Council
- Durrington CE VC Junior School
- Durrington High School
- Durrington Multi Academy Trust
- East Riding of Yorkshire Council
- East Sussex
- Ebor Academy Trust
- Education and Children's Services Group of Prospect
- Effervesce Ltd
- Essex County Council
- Essex Primary Schpool
- Essex Schools Forum
- Estuaries Multi Academy Trust
- f40
- Ferndown Upper School
- Firs Farm Primary Scool
- Flying Start Federation
- Fulham Cross Academy Trust
- Future Academies
- Gascoigne Primary School
- Gateshead Council
- Grey Court School
- Hammersmith and Fulham Council

- Hampshire County Council
- Haringey
- Harrow Council
- Hartlepool Borough Council
- Heald Place Primary School
- HEART Academies Trust
- Hebden Bridge Schools Federation
- Herefordshire Council
- Hertfordshire County Council
- Highcliffe School
- Hilmarion Primary School
- Holy Cross Catholic MAC
- Holy Trinity Church of England Academy
- Hounslow School
- Hull City Council
- Hull Schools Forum
- Inclusive Multi Academy Trust
- Innovate Multi Academy trust
- Isle of Wight Council
- Islington Schools Forum
- James Montgomery Academy Trust
- Joydens Wood Infant School
- Kenilworth Multi Academy Trust
- Kennet School Academies Trust
- Kent County Council
- King Edward VI School
- KING'S LODGE PRIMARY SCHOOL
- Kingsmeadow Community Comprehensive School
- Kirklees Council
- Knowsley MBC
- Lambeth Schools Forum
- Lancashire County Council
- Lancashire Schools Forum
- Leicestershire County Council
- Leodis Academies Trust
- Lighthouse Schools Partnership
- Limehurst Academy
- Lincolnshire County Council
- Lingey House Primary School
- Liverpool City Council
- Local Government Association
- London Borough of Barking and Dagenham
- London Borough of Bromley
- London Borough of Enfield & Enfield Schools Forum
- London Borough of Islington

- London Borough of Lewisham
- London Borough of Newham
- London Borough of Sutton
- London Borough of Waltham Forest
- London Councils
- London Diocesan Board for Schools
- Luton Borough Council
- Manchester City Council
- Manchester School Funding Forum
- Marish Academy Trust
- Marple Hall School
- Mellor Primary School, Stockport
- Middle Street Primary School
- Middlesbrough Borough Council
- Moorfield Primary School
- Myton School Trust
- NAHT
- NASUWT
- National Deaf Children's Society
- National Education Union
- National Foundation for Educational Research (NFER)
- National Governance Association
- National Network of Parent Carer Forums
- Newcastle City Council
- Nexus MAT
- Norfolk
- North Lincolnshire Council
- North Lincolnshire Council
- North Yorkshire County Council
- Northumberland County Council
- Nottingham City Council
- Nottinghamshire County Council
- Oakfield Infant and Junior Federation
- Oasis Community Learning
- Old Town Primary
- Oldham Council
- West Midlands Authorities (excluding Warwickshire and Birmingham)
- Oxfordshire County Council
- P A Community Trust
- Plymouth City Council
- Portsmouth City Council Schools Forum
- Primary school
- Reculver School
- Redcar & Cleveland Borough Council
- Researcher at Durham University

- Rochdale Borough Council
- Rotherham MBC
- Rowlands Gill Primary School
- Royal Borough of Kensington and Chelsea
- Sandwell MBC
- Sefton MBC
- Sheffield City Council
- Society of County Treasurers
- Sound and District Primary School
- South Gloucestershire
- Southampton City Council
- Southend Borough Council and Southend's School Forum response
- Southend High School for Boys
- Southwark Council
- Special Education Consortium
- St Andrew's CE High School
- St Augustine's Catholic School
- St Gildas Catholic Primary School
- St Helens Borough Council
- St Pauls RC Thames Ditton
- St Peter's Catholic School
- St.Margaret Mary RC JI School
- Staffordshire County Council
- Standing Advisory Committee on RE, London Borough of Barking and Dagenham
- Studham Village CE Academy
- Suffolk County Council
- Summit Learning Trust
- Surrey County Council
- Synergy MAT
- Tameside MBC
- TEACH Poole
- TeamADL CIC
- The Angmering School
- The Castle Partnership Trust
- the Catholic Education Service
- The Circle Trust
- The Colleton Primary School
- The Forest School
- The Grey Coat Hospital
- The Oxfordshire Schools Forum
- The Park Academies Trust
- The Pioneer Academy
- The Priors School
- The Rowan Learning Trust
- The Royal Latin School

- The Stonehenge School
- The Wensleydale school and Sixth Form
- Thomas Arnold Primary School
- Thurrock Council and Thurrock Schools Forum
- Tonbridge Grammar School
- Tower Hamlets Council
- Trafford Council
- Village Infants School
- Voice Community
- Wakefield Council
- Warrington Borough Council
- Washingwell Primary School
- Wellspring Academy Trust
- West Sussex County Council
- Westminster City Council
- Westminster Primary
- Whickham School
- Whinfield Primary School
- Whipperley Academy Trust
- Wigan Council
- William Howard School
- Wiltshire Council
- Wiltshire Governors Association
- Windsor Academy Trust
- Winterslow Primary School
- Wirral Council
- Worcestershire Association of Governors
- Worcestershire County Council



Department
for Education

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REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	24th June 2022
2.	Title:	Dedicated Schools Grant – 2021/22 Outturn & 2022/23 Funding
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 To inform members of the Schools Forum as to the 2021/22 outturn position of the dedicated schools grant (DSG).
- 1.2 In addition, to provide summary details to maintained members of Schools Forum as to the surplus/deficit balances of the maintained schools within Rotherham.
- 1.3 To provide details of academy trust revenue reserves as published on the Department for Education website in April for the 2020/21 academic year.
- 1.4 The report outlines the national picture on the High Needs Block as part the overall Dedicated Schools Grant and the additional funding the government is investing in education in the next two years as part of its spending review.

2. RECOMMENDATION(S)

- 2.1 That Schools Forum members note the information contained within this report.
- 2.2 That Schools Forum members note that the centrally retained early years balance is subject to change as this will be dependant on the early years adjustment for the Spring 2022 census count. Within the figures, an anticipated increase of £75k has been accounted for.

3. REASON FOR RECOMMENDATION(S)

- 3.1 To ensure that Schools Forum members are kept informed of the DSG position within Rotherham.
- 3.2 Furthermore, that maintained members of the Forum are kept abreast of the surplus/deficit balances across both maintained schools and academy trusts within Rotherham.
- 3.3 To ensure that Schools Forum members are kept informed of the reserve position within Rotherham.

4. BACKGROUND INFORMATION & CONTEXT**4.1 Context**

In 2021/22 the final allocation of DSG for Rotherham was £86.279m. This amount is net of academy recoupment for the 94academies within Rotherham at a total of £185.913m.

It should be noted that the 2021-22 accounts also include the 2020/21 early years

adjustment from the January 2021 census of £17K which authorities were notified of in summer 2021 (after the 2020-21 statement of accounts had been compiled).

Schools Forum members should note that the DSG note to the accounts (see attached) was updated to include this.

As in previous years the local authority has yet to be notified of the final early years adjustment for 2021/22 (based on the January 2022 census). The government usually advised local authorities of this adjustment in July 22. The local authority has modelled the census data provided to the government and are anticipating an increase of £75k. This has been included with the 2021/22 accounts.

4.2 Centrally retained balance

The DSG central reserve deficit balance brought forward to 2021/22 was £21.26m.

As reported to Schools Forum throughout the year; pressures on high needs expenditure remained at £0.73m, however after taking account of other balances in other DSG funding blocks has resulted in an in-year deficit of £0.11m increasing the net deficit in the DSG Central Reserve of £21.37m.

However during 2021/22 Rotherham was approved to enter the DfE's Safety Valve programme and received funding of £8.53m, reducing the DSG Centre Reserve deficit to £12.84m

It should be noted, as outlined elsewhere in the report, that the local authority has modelled the impact of the January 2022 early years census data and are expecting a reduction increase in funding of £75K. This has been taken into consideration in the production of the 2021/22 final accounts. The actual adjustment will be known in summer 2022.

The £75k anticipated increase in funding is made up of following by an estimated increase of £3k 3 & 4 year olds, £32k for 2 year olds and £13k Early Years Pupil premium offset by estimated clawback of 6K for Nursery Supplement funding.

High Needs Block Element

The High Needs Block overspend is as a result of a number of factors; an overall increase in Education Health and Care Plans, an increase in the number of young people aged 16 to 25 with an EHCP who are now the responsibility of the LA to fund, an increase in the number of children accessing higher cost provision and an increase in the number of pupils in Alternative Provisions (Pupil Referral Units).

The deficit reflects system wide issues in how the funding is determined. Whilst the allocation moved to a formulaic basis in 2018/19 and now includes proxy indicators of SEND within the population, a large element of the grant remains fixed based on historic spend.

In 2021/22 Rotherham were successful in submitting a disapplication request to the Secretary of State to transfer 1.5% of the DSG Schools Block allocation (£3.04m) to the High Needs Block. The transfer is for one year only and to continue with the transfer of funding a new application is required each financial year.

Despite the £3.04m transfer of funding into the High Needs Block there was still a overspend of £0.73m (financial pressure would be £3.77m without the transfer) in the 2021/22 financial year.

2022/23 & Future Years

The Government spending review announced additional funding for schools and high needs, compared to 2019-20, will rise by £4.8 billion for 2021-22 and £7.1 billion for 2022-23.

In 2022/23 the £7.1 billion is split £4.020 billion to the Schools Block and £0.780 billion to the High Needs Block; the funding split for future years still to be determined. For Rotherham this is an additional £5.5m for schools and £5.3m in the High Needs Block.

5. Individual School Budgets

- 5.1 As set out within the Rotherham Scheme for Financing Schools, individual schools are permitted to carry forward balances to be spent or replenished in subsequent financial years. In total, the carry forward on individual school budgets (listed below) is an overall combined surplus of £3.795m.

Value of Balance	Number of Schools	% of Total Number of Schools	Combined Value of Balance
Deficit Balance	2	7%	-51,365
Surplus £1,001 - £50,000	6	22%	163,674
Surplus £50,001 - £100,000	7	26%	504,382
Surplus £101,001 - £250,000	7	26%	1,038,601
Surplus £250,001 +	5	19%	2,140,296
Total	27	100%	3,795,588

5.2 Surplus balances

As at 31st March 2022, the movement on surplus balances when compared with 2020/21 reflected an increase in year of £.614m as follows:

2020-2021		2021-2022		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
30	3,180	27	3,794	-3	614

The increase in the level of surplus takes account of the 3 schools that have converted to academies during 2021/2022. The in-year academy conversions were schools with cumulative balances of £187k as at 31st March 2021.

Of the total 2021/22 surplus balances, 11 schools hold balances above the thresholds set out in the Scheme for Financing Schools. The Scheme for Financing Schools sets out the financial arrangement between the local authority and the maintained schools. The scheme states that if a schools balance has exceeded the allowable surplus (8% of school budget share for nursery, primary and special, 5% for secondary) and allowing for commitments and any amounts assigned for a specific purpose then the local authority may deduct an amount equal to the excess balance.

Schools have recently submitted excess surplus balance plans detailing intended use.

5.3 Deficit balances

As at 31st March 2022, the movement on deficit balances in comparison with 2020/21 shows a decrease in the value of the deficit by £176k as follows:

2020-2021		2021-2022		Change in Year	
No of Schools	Value in £'000	No of Schools	Value in £'000	No of Schools	Value in £'000
4	-227	2	-51	2	-176

In summary, the 2 deficit balances can be analysed as follows:

Number of Schools	Amount of Deficit
1	Up to £20,000
1	Above £40,001

Of the 4 schools that were previously identified to be in deficit, 1 has now entered a surplus balance position, 1 has converted and 2 schools remain in deficit.

For all schools that are in a deficit position, individual 3 year budget recovery plans are in the process of being compiled. These will then be subject to formal review throughout the year.

6. **Academy Trust Surplus Balances**

6.1 As Schools Forum members may want to note that for the academic year 2020/21 the Department for Education received financial data from trusts, as part of the academy accounts return (AAR), submitted in early 2022.

6.2 These are submitted for the preparation of the annual accounts prepared by the DfE for the academies sector, known as the Sector Annual Report and Accounts (SARA).

6.3 The data was published on 19th April and can be accessed at the link below:

[Academy trust revenue reserves 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/academy-trust-revenue-reserves-2020-to-2021)

6.4 The Department for Education now provide information about academy reserves at an individual level rather than just by trust. The balances as at 31st August 2021 were as follows.

Number of Academies	Year-end Balance
10	£20K + Deficit
1	£0 – 20K Deficit
16	£0 – 50K Surplus
21	£50K - £100K Surplus
24	£101 - £250K Surplus
21	£250K + Surplus

6.5 Members should determine if further analysis of this data would be beneficial for the purposes of Schools Forum work going forwards.

7. Names and contact details

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REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	24th June 2022
2.	Title:	Briefing Note on the School Teachers Pay Uplift for 2022/23, and the current national position
3.	Directorate:	Assistant Chief Executive

1. PURPOSE OF REPORT

- 1.1 To inform members of the Schools Forum as to the 2022/23 Teachers pay Uplift and the current national position.

The report outlines the national picture and the timescales and next steps.

2. RECOMMENDATION(S)

- 2.1 That Schools Forum members note the information contained within this report.

3. REASON FOR RECOMMENDATION(S)

- 3.1 To ensure that Schools Forum members are kept informed of the Teachers pay position within Rotherham and nationally.

4. BACKGROUND INFORMATION & CONTEXT

4.1 Context

The DfE has published its evidence to the School Teachers' Review Body (STRB), which makes recommendations on teacher pay. The STRB can make different recommendations to those proposed by the Government, but ministers are responsible for final sign-off, which normally occurs in September/October.

Whilst the following are only proposals at this stage until national consultation takes place, the following headlines are identified within the **potential** two year pay award for Teachers.

(Potential pay increases are outlined in **Appendix 1 & Appendix 2**)

Minimum pay to rise by over £4k for M1 Teachers by 2023/2024

In its evident, the DfE said it was proposing an 8.9% increase to the statutory minimum (M1) pay point for qualified teachers in 2022/23, followed by a 7.1% increase in 2023/24. This would mean starting salaries would increase from £25,714, to £28,000 in 2022-23 and to £30,000 in 2023-24, a total rise of 16.7% over the two years.

There would also be increases in the other main scale points, though these become less generous the further you move up the scale (as per **Appendix 1 & Appendix 2**)

Smaller pay increases for those on the leadership scale

Unlike classroom teachers, staff paid on leadership scale will receive 3% uplift to their pay in 2023, and then 2% in 2024. Along with teachers on the upper pay scale, this is the smallest percentage pay increase in the proposal.

No TLR increases

Unlike those in the leadership scale, middle leaders do not have their own pay scale and are instead remunerated for their work using Teaching and Learning Responsibility (TLR) payments on top of their main or upper pay scale salary.

Although these teachers will receive an uplift in their salary, the report makes no mention of increasing TLR payments, which remain at the same level as 2020.

5. TIMESCALES AND NEXT STEPS

5.1 Timescales

The STRB will need to review the evidence that it has collected and publish its report, which is usually released in September, or as early as July on some rare occasions.

Once the STRB report is published, Government will need to consider the recommendations and draft the School Teachers' Pay & Conditions Document. This will then be subject to a period of national statutory consultation before a pay order is laid before parliament.

Once the School Teachers' Pay & Conditions Document is published and finalised, formal consultation with local Trade Unions will begin.

Based on previous years' experience and the progression made at national level regarding the Teachers Pay Award, the pay increases are usually applied by the Council in November/December pay dates. Salaries are backdated to 1st September following formal consultation and completion of the decision making process required in accordance with the Council's governance arrangements..

5.2 Next Steps

Once the finalised School Teachers' Pay & Conditions Document is published, HR will provide further updates regarding the decisions made by Government, and any potential actions that need to be undertaken in relation to formal consultation with local trade unions. HR will provide a further update within the next Schools Forum.

6. NAME AND CONTACT DETAILS

Amy Leech
HR Business Partner (CYPS)
email amy.leech@rotherham.gov.uk

APPENDICES**APPENDIX 1****2022/23 pay award****Table 1: Proposed pay awards (2022/23), M1-U3, Rest of England⁴²**

	Existing Structure	22/23 Structure	Change (£)	Change (%)
M1	£25,714	£28,000	£2,286	8.9%
M2	£27,600	£29,800	£2,200	8.0%
M3	£29,664	£31,750	£2,086	7.0%
M4	£31,778	£33,850	£2,072	6.5%
M5	£34,100	£35,989	£1,889	5.5%
M6	£36,961	£38,440	£1,479	4.0%
U1	£38,690	£39,851	£1,161	3.0%
U2	£40,124	£41,328	£1,204	3.0%
U3	£41,604	£42,852	£1,248	3.0%

APPENDIX 2**2023/24 pay award****Table 1: Proposed pay awards (2023/24), M1-U3, Rest of England**

	22/23 Structure	23/24 Structure	Change (£)	Change (%) ⁴⁴
M1	£28,000	£30,000	£2,000	7.1%
M2	£29,800	£31,650	£1,850	6.2%
M3	£31,750	£33,391	£1,641	5.2%
M4	£33,850	£35,227	£1,377	4.1%
M5	£35,989	£37,165	£1,176	3.3%
M6	£38,440	£39,209	£769	2.0%
U1	£39,851	£40,648	£797	2.0%
U2	£41,328	£42,154	£827	2.0%
U3	£42,852	£43,709	£857	2.0%

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Rotherham Healthy Holidays

“Be Healthy. Be Active. Be Happy.”



Proud to work with Rotherham's
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Holiday Activities and Food Programme (HAF)

- Funding from Department for Education
- RMBC allocated £1,230,940 for 2022
- Aim: to provide free holiday club places, including a meal, to children and young people eligible for free school meals.
- Holiday clubs should be a minimum of 4 hours long for 4 days of the week and meet a set of quality standards
- Funded Holiday periods:
 - Easter – 1 week
 - Summer – 4 weeks
 - Christmas – 1 week
- 15% flexibility in funding to include other vulnerable groups. RMBC included: Asylum Seekers, Looked After Children, Elective Home Educated Children
- **Newly added cohorts for 2022 include any child open to Social care or Early Help, Accessing PRU or alternative provision.**

How It Works

- Each eligible child will get a Unique Reference Number (URN)
- They then take the URN to any of our open access providers (51 programmes for Summer) and this entitles them to a free place on the activity
- URN reference numbers are sent out to schools for the FSM children – **sent on 10th June 2022**
- Sent via social worker for LAC children
- Any child open to EH or Social Care, the worker or school can contact the HAF team for the numbers.
- Each child then can book on activities and will get a free meal for every day they attend



Benefits of Schools Getting involved

- Reducing learning loss over the holidays
- Maintaining relationships with pupils
- Safeguarding reasons – eyes on
- Less isolation during the holidays
- Confidence and self esteem building
- Children making new friends
- Improving home/school links for hard to reach families

How can schools promote Healthy Holidays?

- Distributing Unique Reference numbers (URN) to eligible children
- Communicating the offer to all eligible children
- Liaising with Early Help link workers to discuss eligible families
- Advertising around school via newsletters, texts etc
- Support families to book onto activities



Crowden Offer Summer 22

We also have a number of dates available for schools to access our Crowden Outdoor Activities centre over the Summer. Below are the available dates and spaces available

Dates	Max Number of young people per day	Number of activity groups/school staff needed	location	School
1-5 August	33	3	Crowden	
8-12 August	33	3	Crowden	Taken
15-19 August	33	3	Crowden	

New activities for 2022

Cookery

E gaming

Boxing

Cheerleading

Gymnastics

Outdoor adventures

Football

Street Dance

Thank You All

We would like to give a big thank you to all the schools who took part in the Healthy Holidays Programmes so far. We have had great feedback from both children and parents too and are looking forward to Summer 2022.

Any Questions?

If you have any questions or want to find out more information please contact:

- Laura Downing – HAF Co-Ordinator
- Amy Woodhead – Outreach and Engagement Co-Ordinator

healthyholidays@rotherham.gov.uk or
01709 822291/ 07827859202

Here's what we had on Easter 2022

