

# AGENDA

**Meeting:** Schools Forum  
**Place:** [Online meeting](#)  
**Date:** Thursday 7 October 2021  
**Time:** 1.30 pm

Please direct any enquiries on this Agenda to Lisa Pullin, Tel 01225 713015 or email [committee@wiltshire.gov.uk](mailto:committee@wiltshire.gov.uk) of Democratic Services, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

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<b>Membership:</b>	<b>Representing:</b>
Lisa Percy	WASSH - Secondary Academy Representative
Aileen Bates	WGA - Special School Governor Representative
Andy Bridewell	PHF - Maintained Primary Representative
Rebecca Carson	PHF - Primary Academy Representative
Michele Chilcott	WASSH - Secondary Academy Representative
Sam Churchill	PHF - Maintained Primary Representative
Stella Fowler	WGA - Primary School Governor Representative
Jon Hamp	Special School Academy Representative
John Hawkins	Teaching Association Representative
Cllr Ross Henning	Observer - Local Youth Network
Georgina Keily-Theobald	WASSH - Maintained Special School Representative
Denise Lloyd	Observer - Post 16, Wiltshire College
Deborah Muir	Early Years Representative (PVI)
Graham Nagel-Smith	PHF - Primary Academy Representative
John Proctor	Early Years Representative (PVI)
Giles Pugh	Salisbury Diocesan Board of Education Representative
Nigel Roper	WASSH - Maintained Secondary Representative
Graham Shore	PHF - Primary Academy Representative
Trudy Srawley	Observer - Wiltshire Parent Carer Council
Ian Tucker	Chair of WASSH - Secondary Academy Representative
David Whewell	WGA - Secondary School Governor Representative
Catrina Williamson	PHF - Maintained Primary Representative

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## PART I

Items to be considered whilst the meeting is open to the public

1 **Election of Chair**

To elect a Chair of Schools Forum for 2021-22.

2 **Election of Vice Chair**

To elect a Vice Chair of Schools Forum for 2021-22.

3 **Apologies/Substitutions and Changes of Membership**

To note any apologies, substitutions and changes to the membership of the Forum.

4 **Minutes of the Previous Meeting** (*Pages 7 - 16*)

To approve as a correct record and sign the minutes of the meeting held on 10 June 2021 (copy attached).

5 **Chair's Announcements** (*Pages 17 - 18*)

To receive any announcements from the Chair. A copy of the current membership details of Schools Forum is attached for information.

6 **Declaration of Interests**

To note any declarations of interests.

7 **Public Participation**

*Schools Forum welcomes contributions from members of the public. During the ongoing Covid-19 situation the Forum is operating revised procedures and the public are able participate in meetings online after registering with the officer named on this agenda, and in accordance with the deadlines below. A maximum of 15 minutes will be allocated to public participation at the start of each meeting.*

[Guidance on how to participate in this meeting online](#)

### Statements

Members of the public who wish to submit a statement in relation to an item on this agenda should submit this electronically to the officer named on this agenda **no later than 5pm on Tuesday 5 October 2021 (1 clear working day before the meeting)**. Statements should take no longer than 3 minutes to be read aloud.

### Questions

Those wishing to ask questions are required to give notice of any such questions electronically to the officer named on the front of this agenda no later than **5pm on Thursday 30 September 2021** to allow a response to be formulated. Questions are limited to a maximum of 2 per person or organisation.

Please contact the officer named on the front of this agenda for further advice.

8 **Updates from Working Groups** (*Pages 19 - 20*)

The Forum will be asked to note the minutes/updates from the following meetings:

- Joint meeting of the School Funding Working Group and SEN Working Group – on 8 September (extraordinary) and 27 September 2021 – *to follow*
- Early Years Reference Group – 21 September 2021 – *to follow*

9 **School Revenue Surplus and Deficit Balances 2020-21** (*Pages 21 - 32*)

The report of Hazel Ryan (Schools Strategic Financial Management Adviser) presents the position of revenue balances for Wiltshire maintained schools as at 31 March 2021 and identifies those in surplus and deficit.

10 **Dedicated Schools Budget - Budget Monitoring 2021-22** (*Pages 33 - 38*)

The report of Marie Taylor (Head of Finance – Children and Education) seeks to present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2021-22 as at 31 August 2021.

11 **Families and Children's Transformation Programme (FACT) Update**

Simon Thomas (FACT Programme Lead) will present an update on the Families and Children's Transformation Programme (FACT) to the Forum.

12 **Update from the High Needs Block Working Group** (*Pages 39 - 44*)

The minutes of the meetings of the High Needs Block Working Group held on 7 July and 9 September 2021 are attached. The Forum will also receive an update on behalf of the Working Group and there will be a spotlight on SEND Assessment and EHCP to be presented by Cate Mullen (Head of SEND and Inclusion).

13 **National Funding Formulae for Schools and High Needs - 2022-23** (*Pages 45 - 50*)

The report of Grant Davis and Bea Seggari (Schools Strategic Financial Support Team) seeks to outline the Department for Education's (DfE) funding proposals for schools and high needs in 2022-23. The DfE published its document '*The national funding formulae for schools and high needs – 2022-23*', in July 2021.

14 **Update on DfE Consultations** (*Pages 51 - 124*)

The report of Grant Davis (Schools Strategic Financial Support Manager) seeks to provide an update on the Department for Education (DfE) national consultations impacting on schools and local authority budgets. A number of consultations are either underway or have been completed and these include.

- a. Business Rates
- b. Fair School Funding for all (deadline for responses 30<sup>th</sup> September 2021)
- c. Sparsity
- d. SEN Review

15 **Changes to Sparsity Funding 2022-23 - Government Consultation Response** (*Pages 125 - 130*)

The report of Grant Davis and Bea Seggari (Schools Strategic Financial Support Team) seeks to outline the Governments response to the '*Schools National Funding Formula: Changes to sparsity funding from 2022-23*' and the changes which have been implemented into the NFF sparsity factor from 2022-23.

16 **Annual Schools Consultation - De-delegation and School Funding 2022-23** (*Pages 131 - 136*)

The report of Grant Davis (Schools Strategic Financial Support Manager) seeks to brief Schools Forum and agree a set of questions to be sent out to all schools in October 2021.

17 **Update on Covid Funding**

Schools Forum will receive a verbal update on Covid costs and funding for Schools and Early Years settings from Grant Davis (Schools Strategic Financial Support Manager and Marie Taylor (Head of Finance – Children and Education).

18 **Confirmation of Dates for Future Meetings**

To confirm the dates of future meetings, as follows, all to start at 1.30pm:

9 December 2021

20 January 2022

17 March 2022.

19 **Urgent Items**

To consider any other items of business, which the Chair agrees to consider as a matter of urgency.

**PART II**

Item(s) during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

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### Schools Forum

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#### **MINUTES OF THE SCHOOLS FORUM MEETING HELD AS AN ONLINE MEETING – THURSDAY 10 JUNE 2021 VIA MICROSOFT TEAMS.**

##### **Present:**

Neil Baker (Chairman), Aileen Bates, Nikki Barnett, Andy Bridewell, Rebecca Carson, Michele Chilcott, Sam Churchill, John Hawkins, Cllr Ross Henning, Mel Jacob, Georgina Keily-Theobald, Lisa Percy (Vice-Chair), John Proctor, Nigel Roper, Graham Shore, Trudy Srawley, Ian Tucker, David Whewell and Catriona Williamson

##### **Also Present:**

Ian Abbot (Lead Professional – Cognition & Learning), Grant Davis (Schools Strategic Financial Support Manager), Helean Hughes (Director – Education & Skills), Cate Mullen (Head of Inclusion & SEND), Cllr Dominic Muns (Portfolio Holder for Education), Lisa Pullin (Democratic Services Officer), Marie Taylor (Head of Finance – Children and Education), Lucy Townsend (Director of Children’s Services) and Cllr Suzanne Wickham (Portfolio Holder for SEND)

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#### **1 Apologies and Changes of Membership**

Apologies were received from Jon Hamp (Special School Academy Representative), Cllr Laura Mayes (Cabinet Member for Children, Education & Skills), Giles Pugh (Salisbury Diocesan Board of Education), and Lynn Yendle (School Business Manager Springfield School).

##### **Membership changes**

Cllrs Suzanne Wickham (Portfolio Holder for SEND) and Cllr Dominic Muns (Portfolio Holder for Education) were welcomed to Schools Forum.

#### **2 Minutes of the Previous Meeting**

The minutes of the previous meeting held on 11 March 2021 were approved.

##### **Resolved:**

**That the Chairman approve and sign the minutes of the meeting of Schools forum held on 11 March 2021.**

#### **3 Chair's Announcements**

The Chair made the following announcements:

Neil Baker as Chair of Schools Forum thanked everyone for his leaving card as he was retiring from Christ Church Primary School in Bradford on Avon and

thus stepping down as Chair of Schools Forum a role that he had held for 14 years. Neil reported that he would miss Schools Forum colleagues and hoped that the true collaboration of the group all wanting the best outcomes for the children would continue.

#### School Admissions Appeals update

Section 88P of the School Standards and Framework Act 1998 (the Act) requires every local authority to make an annual report on school admissions to the adjudicator. The Chief Adjudicator then includes a summary of these reports in her annual report to the Secretary for State for Education. The report provides information on how the admissions arrangements in the local authority serve looked after children and previously looked after children, as well as providing an assessment of the effectiveness of the Fair Access Protocols.

Wiltshire Council is currently in the process of drafting the report for 2021, which must be submitted by 30 June 2021. Once finished the report will be published on the School Admissions section of the Wiltshire Council website and will be circulated to School Forum in October.

Within the 2021 report, there is limited opportunity to comment on Education Appeals. However, there is a section which provides the option to comment on other matters that have not been included within the report. It is therefore in this section, that we will reference following the change in legislation around the funding for education appeals, that schools within Wiltshire continue to feel the system discriminates against those that are popular and places significant pressures on school budgets. This is despite the fact that the local authority has created options for school to purchase the service on a pay as you go basis and offer discounts to schools that have multiple appeals.

#### 4 **Declaration of Interests**

There were no interests declared.

#### 5 **Public Participation**

No questions or statements had been received prior to the meeting.

#### 6 **Updates from Working Groups**

The Forum noted the update received by way of the minutes of the meeting of the School Funding and SEN working group held on 27 May 2021.

The Forum noted the update received by way of the minutes of the meetings of the Early Years Reference Group meeting held on 27 April and 19 May 2021.

There were no questions raised from the notes of the meetings.

**Resolved:**



**That Schools Forum note the minutes of the joint meeting of the School Funding and SEN working group held on 27 May 2021 and the Early Years Reference group meetings held on 27 April and 19 May 2021.**

## **7 Dedicated Schools Budget - Budget Monitoring Outturn for 2020/21**

Marie Taylor (Head of Finance – Children and Education) referred to the budget monitoring outturn report as at 31 March 2021 that was circulated with the Agenda. Marie highlighted the following:

- A final overspend of £7.906 million against the overall school's budget which was an improved position than previously reported in part due to staff time supporting Covid activity being chargeable to certain Covid grants;
- The pandemic had created much uncertainty for early years and Officers had worked with the Early Years Reference Group to ascertain what best suited the needs in the sector;
- The Local Authority has a duty of sufficiency for early years and continued to work closely with providers to support them, providing additional financial support whilst following the Covid guidance within the terms and conditions of the grant funding. The intention was for any significant underspends to be re-distributed to settings under the local discretion guidance. However, most still attended settings even if they were different from their usual as dual placements were not allowed due to Covid;
- The EYRG requested that the early years block variance for future years (i.e. for 21-22 financial year onwards) be separately ringfenced. The national regulations assume this is the case anyway and so from 1 April 2021 all variances and logged funding changes will be separately accounted for and reported;
- The 19-20 adjustment based on the January 2020 census data was an increase of £0.539 million. In addition, the 20-21 allocation increased by £0.943 million. This reflected a higher count of children than the previous year;
- The Contain Outbreak Management Fund (COMF) of £1m was the only dedicated funding that early years received, and Officers were pleased to be able to support settings in this way. The payments made totalled £0.418m in 20-21 and it had been agreed that the unclaimed allocation of £0.582M could be rolled forward to support the sector in the 2021-22 financial year which was great news as the impact on settings still continued with bubbles closing and cleaning costs etc;
- The underspend on schools' budgets largely related to the school's growth fund which was helping to offset the overall pressure on the DSG;
- High needs budgets overspent by £11.507m. The biggest areas of overspend were named pupil allowances and top ups, independent special school

packages, and alternative provision. When the level of funding available does not match the local needs the budget cannot be set at an achievable level and so the location of the overspend is not an indication of individual budget issues but that the whole block under significant pressure and the major driver of the overspend is volume;

- The numbers of EHCP's has increased year on year although the number being requested has slightly slowed – this could be due to the reduced face to face contact with pupils due to the Covid pandemic. However, they were now playing catch up with many referrals now being submitted;
- Details were given in paragraph 21 of the report of the volume variance analysis, which showed that the majority of placements had increased in the budgeted unit weekly price which was not necessarily a bad thing that those with higher needs were being supported by those types of placements that were best for them. There was a slight reduction in the Independent Special School fees. Work would continue through the high needs block working group and this would be shared later in the meeting;
- The DSG reserve brought forward of £11.350m was increased by the positive early years block adjustment of £0.539m. The overspend takes the reserve into a deficit position of £18.717m. There had been a request from other Finance Directors and Directors of Children's Services to have details of our high needs position for a national survey and Officers felt it was beneficial for it to be looked at by other pressure groups;
- Officers had a meeting scheduled soon with the DfE regarding the DSG Management Plan and would report back any useful information, insight, or recommendations to both the High Needs working group and Schools Forum. It was anticipated that an updated plan would be brought to the to the October Forum meeting for information, update and approval.

#### **Resolved:**

#### **That Schools Forum**

- 1) Note the final outturn budget monitoring position and the deficit DSG reserve balance.**
- 2) Note the change in accounting treatment around the early years grant for 2021/22.**

#### **8 Update from the High Needs Block Working Group**

Helean Hughes (Director – Education & Skills) and Cate Mullen (Head of Inclusion & SEND) gave an overview on the work of the HNB Recovery Group and highlighted the following:

- The pandemic had had a significant impact on the work of the high need recovery plan, although they were just getting back up to speed. It was

difficult to attribute savings made to just one project and it was proposed that at future meetings of Schools Forum they would receive details of the savings made/identified/action by the high needs block recovery group;

- At the scheduled meeting with the DfE next week Officers would be asking if there was anything else they could suggest to make savings and any findings would be reported back to the Forum;
- The High Needs Block Recovery Plan was very detailed – the three main areas that were encompassed within it were
  - i) Early Intervention and Prevention
  - ii) Statutory Processes
  - iii) Quality Assurance and Monitoring
- There were Officers leading on projects – regular updates were received from them. For some projects it was harder to note the savings achieved and some are longer term pieces of work which will take a while for the savings to come through. There were ongoing discussions about work relating to the development of provision mapping tools to support discussions and decisions relating to funding requests;
- High Needs Block information sharing sessions had been made available to teams within Education and Skills directorate so that they were able to offer support to schools had been well received by colleagues;
- In relation to the System of excellence – a series of engagement (roadshow) events for officers and schools’ settings had been taking place. So far four of the hour-long events had been held and two more were planned for external partners. There had been a very good level of engagement in them.

A Governor representative asked if there would be any of these events put in place for Governors. Cate Mullen agreed to liaise with outside of the meeting to discuss this further.

Ian Abbott (Lead Professional – Cognition and Learning) gave an overview of the Dyslexia-Friendly Schools Award and highlighted the following:

- This was a national scheme which leads to a dyslexia friendly BDA (British Dyslexia Association) Quality Mark and was based on “If the child does not learn the way you teach, then teach the way he learns”;
- Dyslexia was prevalent in lots of creative industries and a poem was shared which when read from the bottom to the top gives a different meaning;

- There were a number of benefits in joining the scheme which also fits in with the Council's SEND Strategy;
- There was a two-year programme which ran from initial registration in the scheme. Schools were being supported in their progression of the scheme with narrated PowerPoints, virtual training sessions, DFS network meetings and remote support and schools were coming together to share good practice with each other. There was a clear scheme criterion to follow and after 2 years there would be a verification visit by the BDA and a celebration of good practice; and
- There was a spread of 18 schools across the county currently working towards the scheme (5 secondary and 13 primary schools). If any other schools were interested in finding out more, they should contact Ian Abbott.

The Chair was pleased to note the project and involvement and asked if other schools were able to join the scheme – was it closed, or would it be expanded in the future? Ian Abbott reported that they were considering ways in how the scheme could be extended in the future and that if a school were keen to join the scheme, they could do this via the BDA. Wiltshire Council had supported the current scheme which was open to other schools and it was hoped that schools would continue to share good practice. Resources and training were also available to schools if they were interested.

Helean Hughes reported that Officers would be looking at the impact of the first round of the scheme and then look to get the next steps planned in if schools were interested and wanted to know more about it. The vision was to have all Wiltshire schools as dyslexia friendly schools in the future.

**Resolved:**

**That Schools Forum:**

- 1. Note the minutes of the High Needs Block Recovery Group meeting held on 6 May 2021.**
- 2. Note the update on behalf of the High Needs Block Recovery Group**
- 3. Note the update on the Dyslexia Friendly Schools project.**

## **9 Impact of Changes to Pupil Premium Calculations - f40 Survey**

Grant Davis (Schools Strategic Financial Support Manager) referred to the report which sought to provide Schools Forum with an update on the implications of the change to the DfE date for calculating Pupil Premium for schools. Grant highlighted the following:

- The f40 group had collated the financial impact from its members to obtain a wider picture of the implications from moving the Pupil Premium census date from January, back to the previous October;

- The Pupil Premium Grant (PPG) is designed to support pupils and learners using the following three drivers for allocating funding;
  - *Free School Meal Ever6* – pupils from a deprivation background
  - *Service Pupil Ever6* – pupils from a service family
  - *Post-Looked After Child* – pupils who have left local authority care through an adoption or guardianship order
- PPG has always been calculated using the January census however as the January data was the most up to date census information available for the next financial year;
- The DfE when questioned gave the following explanation for the date change:
  - Aligning the census date with mainstream funding to October
  - During Covid, school pupils were not in school during January but were in October;
- There is an impact in moving the date as both locally and nationally there has been a significant increase in the number of pupils eligible for a free school meal (FSM) and the knock on effect will result in a lower number of pupils being eligible for PPG funding. In effect this this would create a lag or shortfall in PPG funding for schools in 2021-22;
- Schools would still be required to support their disadvantaged PPG pupils and be held to account by Ofsted for their progress, despite not being fully funded for those pupils;
- For Wiltshire position this would mean a shortfall in funding of £555k. £493k for primary schools and £62k for secondary schools;
- The results of the f40 survey to its 42 members show that the overall picture shows £36.4m of significant funding that has been lost just from moving the census date;
- The f40 group are asking the DfE to consider either delaying the change or compensating schools for the funding they will miss out on this year as schools will have to find the money from elsewhere to support disadvantaged pupils when funding is already tight and so other parts of their budgets will suffer;
- The Society of County Treasurers (SCT) are doing a survey of DSG deficits across local authorities which would form part of their ongoing pressure for the funding and management of DSG deficits in light of the significant growth in demand in EHCP's. The results of the survey should be available in September and would be brought to the October meeting of the Forum.

The Chair wanted to emphasise that the provision for those disadvantaged learners would still continue despite not receiving the funding but felt it was important for schools to show the DfE how budgets would be under further pressure because of the change affecting funding levels.

Cllr Dominic Muns (Portfolio Holder for Education) asked for an explanation of the impact of the change. Grant Davis reported that there had been an increase in the number of eligible for FSM's between October and January. If the numbers had been taken from January census, they would have been higher, and the funding received based on that figure not the lower October figure. Whilst it would level out, in the meantime this would create a lag and be a funding issue for schools. Cllr Muns asked if the rise was new pupils starting school or if it was the existing pupils now being eligible for FSM when they were not before. Grant Davis confirmed that the latter was the case.

A Forum Member reported that in their school there were 54 PP students in October and then 62 by the spring this was linked to family hardship in the current climate.

**Resolved:**

**That Schools Forum note the content of the report and the f40's ongoing dialogue with the DfE, along with the work of the Society of County Treasurers.**

10 **DfE Consultation - School Improvement Brokerage and Monitoring Grant**

Helean Hughes (Director – Education & Skills) referred to the report which sought to share the DfE's consultation around School Improvement brokerage and monitoring grant. Helean highlighted the following:

- The DfE issued a consultation on 28 April 2021 regarding the future funding levels of the school improvement brokerage and monitoring grant which ran until 26 May;
- The Local Authority responded to the survey highlighting the following major points:
  - a) Any additional responsibilities without funding will dilute the ability to support all pupils and schools
  - b) Although numbers of maintained schools have reduced from 153 in 2017-18 to 126 in 20-21, the grant is used to support all schools and therefore reductions should not be made on a straight-line basis.
  - c) A reduction in grant or, an increase in conditions will mean school support will need to be prioritised and current support will be impacted.
- The grant of £0.531m currently received allows the Local Authority to divert uncommitted central schools services block monies to support the high needs block.

The Chair asked when the responses to the consultation would be shared – Helean Hughes guessed this would be anytime from September 2021 onwards

**Resolved:**

**That Schools Forum note the DfE’s consultation, the Local Authority response and future risks around the funding and provision of School Improvement.**

## 11 **Future of Schools Forum Meetings - Remote Meetings Format**

Marie Taylor (Head of Finance – Children & Education) referred to the report which sought to present the permanent legislative changes around the format of Schools Forum meetings and the responses to the consultation following these changes in legislation. Marie highlighted the following:

- During the pandemic there was a temporary change to the legislation to allow Schools Forum meetings to take place remotely. The ESFA had now made a permanent change to the legislation to allow local flexibility to choose whether to hold meetings remotely or face to face;
- Because of the pandemic the March 2020 meeting of Schools Forum was cancelled, and any still relevant reports were brought to the June meeting. The minimum number of meetings required per year was four. Officers were proposing that Schools Forum consider dropping the March meeting with the option to add it back if/when needed;
- Forum members had been consulted indicating their preferences for meeting arrangements and the majority of responses had agreed that it would be beneficial to hold the December meeting when budget principles were discussed and the January meeting where the budgets were voted on as face to face meetings but to continue with remote meetings for the other meetings – this would also help with the Council’s carbon neutral agenda;

The Chair agreed that for the important decision-making meeting there was not as much conversation with an online meeting and that the proposals put forward to have the two main decision-making meetings face to face would be beneficial.

**Resolved: That Schools Forum**

1. **Note the permanent change in statutory arrangements around Schools Forum meetings.**
2. **Agree that Schools Forums meetings are held virtually with the exception of the main decision-making meetings which are generally, December to agree formula changes and transfers in**

principal and January, where the schools budget formula is voted on and finalised.

3. Agree that the number of future meetings be reduced to four per annum; January, June, October and December – with the March meeting available as optional should urgent items arise, or decision making be required.

12 **Confirmation of Dates for Future Meetings**

Schools Forum noted that the future meetings would be held on:

7 October 2021 – via Microsoft Teams

9 December 2021 – meeting at County Hall – room TBC

20 January 2022 – meeting at County Hall – room TBC.

13 **Urgent Items**

Helean Hughes gave a farewell to Neil Baker on behalf of Schools Forum who had chaired the Forum meetings so well for the last 14 years.

(Duration of meeting: 1.30 - 3.00 pm)

The Officer who has produced these minutes is Lisa Pullin, Tel 01225 713015 or email [committee@wiltshire.gov.uk](mailto:committee@wiltshire.gov.uk) of Democratic Services

Press enquiries to Communications, direct line (01225) 713114/713115



# Agenda Item 5

## Membership of Wiltshire Schools Forum – September 2021

### 20 Voting Members

Five maintained School representatives (3 primary, 1 secondary and 1 special school)

Name	Representing	Appointed by
1. Andy Bridewell	Maintained Primary	Primary Heads Forum (PHF)
2. Sam Churchill	Maintained Primary	PHF
3. Catriona Williamson	Maintained Primary	PHF (Chair PHF)
4. Nigel Roper	Maintained Secondary	WASSH (Wiltshire Association of Secondary & Special School Heads)
5. Georgina Keily-Theobald	Maintained Special School	WASSH

Seven Academy representatives (3 primary, 3 secondary and 1 special school)

Name	Representing	Appointed by
6. Rebecca Carson	Primary Academy	PHF
7. Graham Shore	Primary Academy	PHF
8. Graham Nagel-Smith	Primary Academy	PHF
9. Michele Chilcott	Secondary Academy	WASSH
10. Lisa Percy	Secondary Academy	WASSH
11. Ian Tucker	Secondary Academy	WASSH (Chair of WASSH)
12. Jon Hamp	Special School Academy	WASSH

Four elected governor representatives (2 primary, 1 secondary and 1 special school)

Name	Representing	Appointed by
13. Stella Fowler	Primary School Governor	Wiltshire Governors Association (WGA)
14. <b>VACANCY</b>	Primary School Governor	WGA
15. David Whewell	Secondary School Governor	WGA
16. Aileen Bates	Special School Governor	WGA

Two Early Years representatives are the only members allowed to vote on the funding formula.

Name	Representing	Appointed by
17. Debbie Muir	Early Years	PVI (Private, voluntary and independent nurseries)
18. John Proctor	Early Years	PVI

Two other nominated service partner representatives (1 from the Dioceses and 1 teacher representative) who both have one vote. These are the **20** voting members.

Name	Representing	Appointed by
19. John Hawkins	Teaching Association	
20. Giles Pugh	Salisbury Diocesan Board of Education	Salisbury Diocesan Board of Education

In addition to voting members, the following representatives will have **observer** status:

Name	Representing	Elected by
i. Nikki Barnett/Denise Lloyd	Post-16 (Wiltshire College)	Wiltshire College
ii. Trudy Srawley	Wiltshire Parent Carer Council	Wiltshire Parent Carer Council
iii. <b>Vacancy</b> – Volunteer requested but no current interest	Wiltshire Children and Families Voluntary Sector Forum	Wiltshire Children and Families Voluntary Sector Forum
iv. Cllr Ross Henning	Local Youth Network	Local Youth Network
v. Any ESFA representative could attend SF meetings	Education & Skills Funding Agency	ESFA

Also invited

Cabinet Member for Children Education and Skills – currently Cllr Laura Mayes

Cabinet Member for Adult Social Care, SEND, Transition and Inclusion – current Cllr Jane Davies

Portfolio Holder for Education – currently Cllr Dominic Muns

Portfolio Holder for SEND – currently Cllr Suzanne Wickham

## Schools Forum

### School Funding and SEN Working Group – extraordinary meeting

#### MS TEAMS MEETING

8<sup>th</sup> September 2021

#### Minutes

**Present:** Marie Taylor (Chair), (Finance, local authority ((LA)), Grant Davis (Finance, LA), John Hawkins (Teacher / Governor rep), Catriona Williamson (Mere), Andy Bridewell (Ludgershall Castle), Lisa Percy (Hardenhuish), Rebecca Carson (Woodford Valley) Sam Churchill (Hilmarton) Graham Nagel-Smith (Morgan’s Vale & Woodfalls)

**Apologies:** Georgina Theobald-Kiely (Downland) Cate Mullen (Head of Inclusion & SEND, LA),

1.	<b>Welcome and Apologies</b>	
2.	<p><b>Extraordinary Meeting to discuss the DfE Consultation:</b></p> <p><b>Fair school funding for all: completing our reforms to the National Funding Formula (NFF) – response deadline 30<sup>th</sup> September 2021.</b></p> <p>MT outlined each of the consultation questions and provided the local authority view and commentary as a starting point. The group felt that the DfE had a clear direction of travel to a hard formula, and this has been known for a sufficient number of years to allow local authorities to plan alignment with limited impact on individual school budget as Wiltshire has.</p> <p>The group concurred with the majority of the local authority proposals however changes were made to:</p> <p><b>Question 1</b> – No, the group’s preference would be to retain some local flexibility with regard to formula factors which the form have previously flexed e.g., sparsity (under the existing sparsity guidance) and mobility.</p> <p><b>Question 5</b> – No – to reflect the earlier response to 1.</p> <p><b>Question 10</b> – Yes – to reflect the earlier response to 1.</p> <p><b>Other commentary</b></p> <p><b>Question 11</b> LP provided useful feedback that should CSSB be reduced, and local authority school improvement and other services reduced, diluted or stopped, the impact would be on schools as they would need to procure services using school budget share. JH supported this view.</p> <p><b>Question 13</b> With regard to the proposal to move the financial year end of maintained schools to align to academy schools, the academy heads agreed this did make planning straightforward and they liked it however, the duty on academies to produce monthly management accounts meant that producing the required mid year (31<sup>st</sup> March) report to be included in the Whole of Government Accounts (WGA) was straightforward. Maintained heads were concerned that there could be additional burdens on the smaller primaries to have admin &amp; finance staff in school during</p>	

	<p>August to arrange payment of invoices. Contractual issues may arise and cost pressures for additional paid working days. LP responded that they put in artificial barriers for final orders to take place mid July and that new orders were not placed until mid-September to assist with lessening year end duties.</p> <p>A different issue is that of the time between the census data used to fund schools (the October prior to April and September) will mean all schools not just academies will have 11 months lag between the census and the beginning of the financial year. A growing school would be worse off, a contracting school better off. The solution could be to move the census used to January.</p> <p><b>Question 16</b></p> <p>The group took full advantage of this box to explain their reasoning to Q1 and the very specific MOD presence in Wiltshire plus the benefits of three-year settlements, assuming adequate uplift was built in for inflation, pay inflation and upcoming changes to NI and pensions.</p> <p><b>Next Steps</b></p> <p>MT to update and finalise, GD to load onto Right Choice Publicise via HT briefing, Govs briefing, schools newsletter and ask the chairs of PHF, WASSH &amp; WGA to promote amongst their members.</p> <p>The local authority will also respond. MT to ask senior leadership to respond</p>	<p>MT GD  MT</p>
9	<p><b>AOB</b></p> <p>MT raised one item for the group – a request to consider suitable proposals for the roles of chair and vice chair of schools forum following the retirement of Neil Baker. CW agreed to ask PHF to consider this at their exec on Thursday.</p>	<p>CW</p>

## Wiltshire Council

### School Funding Working Group: 27<sup>th</sup> September 2021

Schools Forum: 7<sup>th</sup> October 2021

## Schools Revenue Surplus and Deficit Balances 2020/21

### Introduction

1. This report presents the position of revenue balances for Wiltshire maintained schools as at the 31<sup>st</sup> March 2021 and identifies those in surplus and deficit.
2. The net surplus balances for the financial year 2020/21 are £11.67 million with 113 schools holding surplus balances of £14.39 million and 13 schools in deficit to a value of £2.72 million.
3. In October 2020, members considered a report on schools' balances and deficits as at the 31<sup>st</sup> March 2020. In that report the net surplus balances were £6.44 million with 110 schools holding surplus balances of £9.96 million and 20 schools in deficit to a value of £3.52 million.
4. The number of LA maintained schools has decreased from 130 to 126 between 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2021, 3 special schools amalgamated to become 1 school and 2 schools converted to academy. The data in this report does not include those schools which converted during the financial year.

### Main considerations

5. The movement in net revenue balances over the last 3 financial years is shown in the following table: -

	2018/19	2019/20	2020/21	2020/21 Balances as % of 2020/21 Budget Share %	Increase/ Decrease from 2019/20 £	Increase/ Decrease from 2019/20 %
	£	£	£			
Primary	8,604,118	7,511,918	11,042,554	9.78	3,530,638	47
Secondary	-2,201,302	-1,645,752	-545,039	-0.48	1,100,713	-66.88
Special	219,275	571,713	1,173,283	1.04	601,570	105.22
	<b>6,622,092</b>	<b>6,437,878</b>	<b>11,670,798</b>	<b>10.33</b>	<b>5,232,921</b>	<b>*81.3</b>

\*NB: this represents the total percentage increase in all schools' balances between 2019/20 and 2020/21

6. Reporting of net revenue balances can obscure the underlying trend of gross revenue surplus and deficit balances. For transparency, the gross balances are identified below:

	Surplus balances			Deficit balances		
	2018/19 £	2019/20 £	2020/21 £	2018/19 £	2019/120 £	2020/21 £
Primary	9,268,943	8,611,811	11,821,389	-664,825	-1,099,893	-778,835
Secondary	721,659	727,840	1,398,129	-2,922,960	-2,373,592	-1,943,168
Special	299,748	619,073	1,173,283	-80473	-47,360	0
<b>Total</b>	<b>10,290,349</b>	<b>9,958,724</b>	<b>14,392,800</b>	<b>-3,668,258</b>	<b>-3,520,845</b>	<b>-2,722,003</b>

7. **Appendix 1**, attached to this report details the revenue surplus and deficit balances for individual maintained schools. *(It should be noted that for Special School budgets, the percentage surplus and deficit are reported on their 'planned place' income which excludes their 'top-up' funding. Top-up funding can exceed the level of place funding and therefore needs to be taken into consideration when scrutinising the special schools positions).*
8. As part of the dedicated school's grant (DSG) assurance framework, the DfE may ask local authorities to provide additional information where:
- the authority has 5% of schools that have had a surplus of 15% or more for the last 5 years and where the individual surplus is least £10,000 each year. Authorities will only be asked for more information if at least 3 schools meet the criteria.
  - the authority has 2.5% of its schools in deficit by 2.5% or more for the last 4 years and where the individual annual deficit is at least £10,000.
9. **Appendix 2** - analyses the 2020/21 revenue balances to categorize those that are classified as:
- In surplus and above 15% of school budget share
  - in surplus but below 15% of school budget share
  - in deficit
10. **Appendix 3** - demonstrates the Authority may trigger an investigation from the DFE, as described in 8a above, by identifying that 9 schools, (7.1%) have held revenue balances of 15% or more of their school budget share for the last 5 years.
11. **Appendix 4** - demonstrates the Authority may trigger an investigation from the DFE, as described in 8b above, by identifying that 4 schools, (3.2%) have held deficit balances of more than 2.5% and £10,000 for the last 4 years.

### Key points

12. The net revenue balance of £11.67 million in 2020/21 has increased by £5.23 million (81.2%) from the 2019/20 balance of £6.44 million.
13. Analysis of the gross revenue surplus and deficit balances reveals that between 2019/20 and 2020/21 surplus balances have increased by 44.5% and deficit balances have decreased by 22.7%.

14. The number of schools in deficit has decreased from 20 in 2019/20 to 13 in 2020/21, and the value of the deficits has decreased by £0.8 million from £3.52 million in 2019/20 to £2.72 million in 2020/21.
15. The number of schools in surplus has increased from 110 in 2019/20 to 113 in 2020/21 with the value of surpluses increasing by £4.43 million, from £9.96 million in 2019/20 to £14.39 million in 2020/21.
16. The appendices highlight that the Authority may trigger an investigation from the DFE due to the number of schools holding excess revenue or deficit balances.
17. Due to the restrictions imposed, because of Covid 19, the 2020/21 financial year was not a normal operating year for schools. Schools were fully funded during this period and faced restrictions regarding occupancy and delivery of teaching which might explain in part the increase in the net revenue balances from 2019/20 to 2020/21 of £5.2 million.

### **Proposals**

18. Schools Forum members are invited to comment on and note this report.

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## School revenue balances as at 31st March 2021

School number	School Name	B01 & B02 Total Revenue Balances	School Budget Share	Balance as % of Budget Share
2003	Fynamore Community	112,508	1551435	7.25%
2004	Greentrees Primary School	168,549	1758024	9.59%
2005	Nursteed Community Primary School	214,974	799388	26.89%
2009	Bratton Primary School	-8,820	586991	-1.50%
2023	St Pauls Primary School	96,057	764794	12.56%
2027	Marlborough St Mary's	316,194	1629081	19.41%
2031	Neston Primary School	88,847	807756	11.00%
2034	Monkton Park Primary School	97,731	998083	9.79%
2045	Gomeldon Primary School	79,090	548148	14.43%
2052	Hilmarton Primary School	51,142	488294	10.47%
2053	Horningsham Primary School	27,012	374080	7.22%
2060	Luckington Community School	50,598	301741	16.77%
2086	Stanton St Quintin Primary School	42,963	323368	13.29%
2087	Ramsbury Primary School	80,354	763182	10.53%
2091	Harnham Infant School	86,930	798703	10.88%
2136	Westbury Infants	78,056	862150	9.05%
2137	Westwood with Iford School	85,130	431460	19.73%
2140	Wootton Bassett Infants School	47,393	694933	6.82%
2159	Kiwi School	206,341	1317968	15.66%
2168	Priestley Primary School	159,829	1104993	14.46%
2170	Grove Primary School	141,300	1356898	10.41%
2178	Princecroft School	14,215	606512	2.34%
2180	Redland Primary School	173,636	1101632	15.76%
2184	Longleaze School	129,367	980443	13.19%
2185	Mere School	55,034	828141	6.65%
2190	Woodlands Primary School	43,222	888605	4.86%
2191	Manor Fields Primary School	48,219	1020780	4.72%
2196	Holbrook Primary School	102,586	951517	10.78%
2218	Kings Lodge Primary School	144,462	1274349	11.34%
2222	Walwayne Court Primary School	87,320	1075150	8.12%
2225	Bitham Brook Primary School	102,564	1273685	8.05%
2226	Charter Primary School	138,155	938477	14.72%
2227	Newtown Community Primary School	129,549	900252	14.39%
3002	Ashton Keynes C of E Primary School	67,876	822332	8.25%
3013	Box CE Primary School	152,894	679600	22.50%
3015	Christ Church Primary School	518,907	1613288	32.16%
3017	Longford C of E Primary School	830	383501	0.22%
3018	Broad Hinton C. of E. Primary School	80,112	470008	17.04%
3019	Broad Town C of E Primary School	64,469	371106	17.37%
3020	St. Nicholas Church of England (VC) Primary School	52,344	407795	12.84%
3035	Cherhill CE Primary School	62,723	732245	8.57%
3040	Colerne CE Primary School	75,295	923116	8.16%
3045	St Sampsons CE Junior School	211,880	1141557	18.56%
3047	Crockerton Church of England	162,521	418712	38.81%
3048	Crudwell C E Primary School	32,287	493420	6.54%
3049	Collingbourne CE Primary School	86,627	486626	17.80%
3063	Durrington CE Controlled Junior School	90,258	728573	12.39%
3086	Heddington C E Primary School	54,921	353550	15.53%
3088	Hilperton C. E. Primary School	138,078	666832	20.71%
3090	Holt V C Primary School	67,310	634067	10.62%
3091	Hullavington C.E. Primary School	204,931	591805	34.63%
3096	Kington St Michael CE Primary School	131,991	528173	24.99%
3100	Lacock CE VC Primary School	33,864	388423	8.72%
3102	Langley Fitzurse C.E. School	90,359	441789	20.45%
3104	Lea and Garsdon C.E. Primary School	108,243	500977	21.61%
3134	Newton Tony Church of England Primary School	100,923	377116	26.76%
3135	North Bradley C of E Primary School	283,362	766595	36.96%
3140	Oaksey CE VC Primary School	-18,462	423601	-4.36%
3149	Preshute Primary School	37,115	704153	5.27%
3150	St. Marys C.E. Primary School	139,465	1435287	9.72%
3158	Harnham Junior School	35,903	1222502	2.94%

3161 Shalbourne C E Primary School	46,922	263911	17.78%
3163 Sherston (CE) Primary School	46,637	589153	7.92%
3166 Southwick CE Primary School	182,097	758578	24.01%
3170 Staverton CE Primary School	200,355	990283	20.23%
3172 Stratford-Sub-Castle VC Primary	-280,594	616430	-45.52%
3174 Sutton Veny CE Primary	67,790	689277	9.83%
3186 Urchfont CE Primary School	263,774	447640	58.93%
3191 The Minster CE Primary School	157,338	801652	19.63%
3192 Westbury C.E. Junior School	47,030	1103770	4.26%
3193 Westbury Leigh C.E. Primary School	-96,400	1359549	-7.09%
3201 Winterbourne Earls C E Controlled Primary School	58,315	769071	7.58%
3205 Sambourne CE Primary School	14,686	547806	2.68%
3220 Minety C E Primary School	71,896	571108	12.59%
3222 St. Barnabas School	89,285	370153	24.12%
3229 Coombe Bissett School	20,615	449582	4.59%
3230 Dinton Church of England Primary School	38,483	404792	9.51%
3239 St Johns CE Primary School	14,824	528715	2.80%
3242 Brinkworth Earl Danbys CE Primary School	45,630	657008	6.95%
3300 St Michaels CE School	51,681	771676	6.70%
3306 St Nicholas CE Primary School	87,251	509623	17.12%
3316 Chapmanslade CE VA Primary School	54,545	468027	11.65%
3318 Chilton Foliat C of E Primary School	-118,014	389145	-30.33%
3330 Derry Hill C of E (Aided) School	54,040	793419	6.81%
3355 St Nicholas Primary School	117,771	557926	21.11%
3362 St. Andrews Primary School	107,459	797282	13.48%
3383 Sarum St. Pauls C.E. (VA) Primary School	-60,206	881735	-6.83%
3387 St Martins CE Primary Sch	64,729	747883	8.66%
3396 St Thomas aBecket C.E. Aided School	59,153	283137	20.89%
3402 Whiteparish All Saints C.E. (V.A.) Primary School	103,297	452455	22.83%
3405 Winterslow Primary School	140,929	715954	19.68%
3412 Christ the King RC Primary School	-61,808	818051	-7.56%
3418 St Josephs Catholic School	184,241	570643	32.29%
3425 St Osmunds Catholic Primary School	216,282	822460	26.30%
3430 St Johns Catholic Primary School	131,437	1166668	11.27%
3435 Wardour Catholic Primary School	60,460	407522	14.84%
3437 St Patricks RC Primary School	98,776	791306	12.48%
3449 Broad Chalke C of E Aided Primary School	109,308	767029	14.25%
3453 Chilmark Primary School	53,758	378730	14.19%
3454 Semley CE VA Primary School	47,397	520770	9.10%
3459 Hindon CEVA Primary School	10,602	279254	3.80%
3460 Alderbury & West Grimstead CE Primary School	20,990	686234	3.06%
3461 Kennet Valley C.E School	42,363	369238	11.47%
3464 Old Sarum	73,217	1003454	7.30%
3465 Wylve Valley C.E. VA Primary School	-3,282	426065	-0.77%
3467 CHURCHFIELDS SCHOOL	58,867	565158	10.42%
3468 Amesbury Primary School	316,896	1414543	22.40%
3469 Five Lanes CE Primary School	-16,264	398324	-4.08%
3471 Lyneham Primary School	-32,832	1310158	-2.51%
3472 Bellefield Primary & Nursery School	138,154	1159449	11.92%
4000 Abbeyfield School	-1,943,168	5277902	-36.82%
4070 The Stonehenge School	296,166	4463359	6.64%
4610 St Josephs Catholic School	270,051	2993348	9.02%
5201 Downton CE VA Primary School	-23,783	970183	-2.45%
5205 Frogwell Primary School	235,185	973711	24.15%
5206 Studley Green Primary School	261,003	1201970	21.71%
5207 St. Georges Catholic Primary School	97,954	704146	13.91%
5208 St Marys RC School	-58,371	676830	-8.62%
5209 Paxcroft Primary School	107,889	1206488	8.94%
5215 Castle Primary School	279,506	1139836	24.52%
5216 Pitton C E School	59,796	405565	14.74%
5218 Clarendon Junior School	284,600	1276986	22.29%
5219 Clarendon Infants School	241,357	1063263	22.70%
5415 Matravers School	831,912	4360558	19.08%
7003 Silverwood School	346,022	3400000	10.18%
7007 Downland School	827,261	900000	91.92%
<b>126 Schools</b>	<b>11,670,798</b>	<b>112,963,704</b>	

## ANALYSIS OF REVENUE BALANCES 2020/21

School Phase	Surplus balances above 15% of School Budget Share				Surplus balances below 15% of School Budget Share				Deficit Balances			
	Number	Balance Value	2020/21 Budget Share	Balance as % of Budget	Number	Balance Value	2020/21 Budget Share	Balance as % of Budget	Number	Balance Value	2020/21 Budget Share	Balance as % of Budget
Primary	40	£6,904,329	£29,603,729	23.3%	68	£4,917,059	£53,107,749	9.3%	12	-£778,835	£8,857,061	-8.8%
Secondary	1	£831,912	£4,360,558	0.0%	2	£566,217	£7,456,707	7.6%	1	-£1,943,168	£5,277,902	-36.8%
Special	1	£827,261	£900,000	91.9%	1	£346,022	£3,400,000	0.0%	0	£0	£0	0.0%
<b>Total</b>	<b>42</b>	<b>8,563,502</b>	<b>34,864,286</b>	<b>24.6%</b>	<b>71</b>	<b>£5,829,298</b>	<b>£63,964,456</b>	<b>9.1%</b>	<b>13</b>	<b>-£2,722,003</b>	<b>£14,134,962</b>	<b>-19.3%</b>

Number of school 126 Total Balance £11,670,798

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**Analysis of LA schools (as at 31st March 2021) that have had revenue balances in excess of 15% of their total School Budget Share (excluding Pupil Premium Grant) in the last 5 years**

DfE No	School Name	Type	2016/17 %	2017/18 %	2018/19 %	2019/20 %	2020/21 %	2020/21 Balance
2003	Fynamore	Primary	15.6	-	-	-	-	-
2005	Nursted	Primary	-	-	16.0	15.3	26.9	↑ £ 214,974
2008	Fitzmaurice	Primary	-	-	17.3	-	-	-
2023	St Paul's	Primary	15.9	-	-	-	-	-
2027	Marlborough St Mary's	Primary	-	-	16.2	18.0	19.4	↑ £ 316,194
2136	Westbury Infants	Primary	15.1	22.1	-	-	-	-
2137	Westwood with Iford	Primary	-	17.9	22.6	19.2	19.7	↑ £ 85,130
2168	Priestley	Primary	16.0	15.8	-	-	-	-
2180	Redland	Primary	-	-	16.5	-	-	-
2191	Manor Fields	Primary	19.9	-	-	-	-	-
2226	Charter	Primary	-	19.3	16.0	-	-	-
3013	Box Primary	Primary	34.2	25.0	21.4	16.9	22.5	↑ £ 152,894
3015	Christ Church	Primary	-	17.0	19.6	24.5	32.2	↑ £ 518,907
3018	Broad Hinton	Primary	16.7	-	16.2	15.2	17.0	↑ £ 80,112
3020	St Nicholas CE VC	Primary	-	-	16.3	15.5	-	-
3035	Cherhill	Primary	17.5	16.1	-	-	-	-
3045	St Sampson's	Primary	-	-	-	-	18.6	↑ £ 211,880
3047	Crockerton	Primary	16.5	21.7	28.7	32.9	38.8	↑ £ 162,521
3049	Collingbourne CE	Primary	26.9	16.6	-	-	17.8	↑ £ 86,627
3091	Hullavington	Primary	18.2	25.8	31.0	30.1	34.6	↑ £ 204,931
3102	Langley Fitzurse	Primary	-	-	18.1	-	20.4	↑ £ 90,359
3104	Lea & Garsdon	Primary	-	-	-	15.5	21.6	↑ £ 108,243
3135	North Bradley	Primary	-	-	21.5	29.2	36.9	↑ £ 283,362
3149	Preshute	Primary	-	18.0	-	-	-	-
3150	St Mary's CE	Primary	-	-	-	-	-	-
3166	Southwick CE	Primary	21.5	24.6	23.6	20.3	24.0	↑ £ 182,097
3186	Urchfont CE	Primary	29.1	33.3	42.5	50.7	58.9	↑ £ 263,774
3191	The Minster CE	Primary	-	-	18.9	16.7	19.6	↑ £ 157,338
3355	St Nicholas	Primary	23.6	19.1	20.7	19.9	21.1	↑ £ 117,771
3387	St Martin's CE	Primary	18.3	16.4	17.8	-	-	-
3396	St Thomas A Beckett	Primary	-	15.5	19.4	17.8	20.9	↑ £ 59,153
3402	Whiteparish	Primary	19.5	16.3	19.6	19.1	22.8	↑ £ 103,297
3405	Winterslow	Primary	-	-	15.3	-	19.7	↑ £ 140,929
3418	St Joseph's Catholic	Primary	-	-	-	26.3	32.3	↑ £ 184,241
3453	Chilmark	Primary	-	16.8	-	-	-	-
3461	Kennet Valley	Primary	-	-	18.9	-	-	-
3467	Churchfields	Primary	17.4	16.3	15.7	-	-	-
3468	Amesbury	Primary	-	-	21.9	30.4	22.4	↓ £ 316,896
5206	Studley Green	Primary	29.1	27.9	20.6	16.4	21.7	↑ £ 261,003
5215	Castle	Primary	-	-	16.9	18.8	24.5	↑ £ 279,506
5218	Clarendon Juniors	Primary	-	-	15.3	16.6	22.3	↑ £ 284,600
5219	Clarendon Infants	Primary	21.0	21.3	26.9	21.6	22.7	↑ £ 241,357
5415	Matravers	Secondary	19.4	17.6	-	-	19.0	↑ £ 831,912
7007	Downland	Special	-	-	-	36.2	91.9	↑ £ 827,261
<b>Total number schools</b>			<b>20</b>	<b>22</b>	<b>29</b>	<b>24</b>	<b>28</b>	<b>£6,767,267</b>

**% of schools with revenue balances of 15% and over of school budget share for the last 5 years**

As at 31st March 2021, 9 (7.1%) of the 126 LA schools have held surplus balances of 15% or more of school budget share, for the last 5 years

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## Analysis of schools that have been in a deficit position in the last four years, 2017/18 to 2020/21

			2017/18		2018/19		2019/20		2020/21	
			Deficit £	As a % of SBS	Deficit £	As a % of SBS	Deficit £	As a % of SBS	Deficit £	As a % of SBS
2004	Greentrees	Primary	-33,463	2.2	0	-	0	-	-	-
2009	Bratton Primary School	Primary	-	-	-	-	-	-	-8820	-1.5
2159	Kiwi	Primary	-12,132	1.5	-60,625	6.9	0	-	-	-
2170	Grove	Primary	-60,445	4.4	0	-	0	-	-	-
2190	Woodlands	Primary	-6,962	0.8	0	-	-8,488	9.96	-	-
3017	Longford CE	Primary	-125,197	43.1	-96,417	26.3	-81,156	21.16	-	-
3100	Lacock	Primary	-21,283	6.8	-19,000	5.6	0	-	-	-
3134	Newton Tony	Primary	-18,309	7.7	-23,533	10.0	0	-	-	-
3140	Oaksey CE VA	Primary	0	-	-2,029	0.6	-54,253	12.81	-18,462	4.36
3172	Stratford Sub Castle	Primary	0	-	-86,062	-14.7	-211,201	34.26	-280,594	45.52
3174	Sutton Veny	Primary	0	-	0	-	-2,587	0.38	-	-
3193	Westbury Leigh	Primary	0	-	-114,997	8.2	-186,552	13.72	-96,400	7.1
3205	Warminster Sambourne	Primary	-425	0.1	0	-	0	-	-	-
3222	St. Barnabas	Primary	-48,961	17.3	-16,302	5.2	0	-	-	-
3290	Dinton	Primary	0	-	0	-	-4,138	1.02	-	-
3298	Chilton Foliat CE	Primary	-90,944	25.6	-75,801	18.4	-108,569	27.90	-118,014	30.33
3383	Sarum St Paul's	Primary	-57,656	7.1	-103,187	12.4	-132,183	14.99	-60,206	6.83
3412	Christ the King	Primary	-24,569	2.5	-40,893	4.0	-134,599	16.45	-61,808	7.56
3435	Wardour	Primary	-4,106	1.0	0	-	-4,584	1.12	-	-
3453	Chilmark	Primary	0	-	0	-	-1,798	0.47	-	-
3459	Hindon	Primary	-17,353	7.8	-24,564	10.5	-21,990	7.87	-	-
3465	Wylde Valley	Primary	0	-	0	-	0	-	-3,282	0.77
3469	Five Lanes	Primary	0	-	0	-	-41,118	10.32	-16,264	4.08
3471	Lyneham Primary	Primary	0	-	0	-	-58,837	4.49	-32,832	2.51
5201	Downton	Primary	0	-	-1,415	0.2	-47,841	-0.05	-23,783	2.45
5208	St. Marys RC	Primary	0	-	0	-	0	-	-58,371	8.62
4000	Abbeyfield	Secondary	-2,216,744	55.4	-2,510,112	57.9	-2,238,206	42.20	-1,943,168	36.82
4070	Stonehenge	Secondary	-468,449	14.8	-412,848	11.4	-135,385	3.03	-	-
7007	Downland	Special	-10,717	1.55	-80,473	11.7	0	-	-	-
<b>Total value of deficits</b>			<b>-3,217,715</b>		<b>-3,668,258</b>		<b>-3,473,485</b>		<b>-2,722,002</b>	
<b>Total number of schools</b>				17		16		18		13

As at 31st March 2021, 4 (3.2%) of the 126 LA maintained schools held a deficit of more than 2.5% and £10,000 for the last 4 years

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**Schools Forum funding & SEN working group  
27<sup>th</sup> September 2021**

**Schools Forum  
7th October 2021**

**DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2021-22**

**Purpose of the Report**

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2021-22 as at 31st August 2021.

**Main Considerations**

2. Appendix 1 to this report outlines the budget monitoring summary as at 31st August 2021.
3. An overspend of £8.227 million is currently projected against the overall schools budget. The main driver for this forecast variance is the on-going pressures on the high needs block, the reasons for these are known and understood. The detailed budget monitoring report is shown in Appendix 1.

***Early Years Budgets (Budget £28.217M, forecast variance (0.083M))***

4. Following COVID outbreak in March 2020, government expectations around opening of early years setting has seen much change.
5. From the Spring Term 2021, the government's expectation is that settings would remain open and will only be paid for children attending settings.
6. The Council has continued to use COMF funding to support settings with a range of schemes from a universal offer to support specialist kit and cleaning to lost income. The ringfenced sum for 2020-21 and 2021-22 is £1.6M. The amount paid out to date to settings is £0.912M.
7. No variance is yet forecast on the budgets for the free entitlement for 15- and 30-hours childcare for 2-, 3- & 4-year-olds. There is a reduction in the take up for 2021 and so it is likely that there will be an underspend and that this will be recouped in 2022-23 by the DfE.

	Number of 2YO children	Number of 2YO Hrs	Number of - & 4-year-olds	Number of 3&4YO Hrs
2019	830	127,067.25	7,145	1,601,165.00
2020	850	131,200.25	7,306	1,685,881.05
2021	736	111,831.20	6,900	1,607,776.10

8. The underspend forecast reflects vacant posts within the entitlement and early years teaching teams.
9. The DfE have confirmed that due to both the disruption and flexibility around funding for 2020-21 the post financial year adjustment would only take place for local authorities who have seen significant change – Wiltshire's take up last year was in line with previous years and therefore there will be no post year adjustment.

	Budgeted PTE	Forecast PTE	Forecast PTE Variance	Budgeted Spend £M	Forecast Spend £M	Forecast spend Variance £M
2-year olds	774	774	Nil	2.382	2.382	Nil
3- & 4-year olds	9,938	9,938	Nil	24.358	24.358	Nil
ISF	447	447	Nil	0.357	0.357	Nil

**Schools Budgets (Budget £316.207M, forecast variance (£1.328M))**

10. The forecast underspend on schools largely relates to the schools growth fund which currently shows an underspend and is helping to offset the overall pressure on the DSG.

**High Needs Budgets (Budget £59.599M, forecast variance £9.643M)**

11. High Needs budgets are projected to overspend by £9.643m. The biggest areas of overspend are Independent Special School packages, named pupil allowances and top ups in special schools, enhanced learning provision (ELP) and post 16. Inevitably post pandemic re-bandings are being requested which is putting pressure on the high needs block. When the level of funding available does not match the local needs, the budget cannot be set at an achievable level and so the location of the overspend is not an indication of individual budget issues but that the whole block is under significant pressure.

12. The major driver of the increased cost is volume. Activity (volume) is measured in FTE – full time equivalent pupils. Variance analysis is provided at Appendix 2. It is important to note that the number of EHCPs being created has increased following the pandemic and requests for additional support for children with existing EHCPs continues which leads to an increase in overall unit cost.

	Children with an EHCP in Wiltshire
Number as at 1 <sup>st</sup> April 2021	4,122
As at 31 <sup>st</sup> August 2021	4,248
Forecast demand ( <i>based on historical trend</i> )	4,434
Forecast Year to Date Movement	<b>312 (7.6% increase)</b>

13. As Schools Forum are aware, much work has been done, over recent years to investigate and address the issues. More detail is reported regularly through the high needs working group update from the Director, Education and Skills.

**DSG Reserve**

14. The reserve brought forward is £19.474 million. Schools Forum will recall that with effect from 1<sup>st</sup> April 2021, the early years reserve will be ringfenced. The current forecast overspend would take the reserve into an overall deficit position of £27.701 million.

15. With effect from 2021-22, the department updated the rules governing deficits and expanded the requirements around deficits to include a DSG management plan workbook or equivalent plan. Wiltshire's was approved at the January Schools Forum and at Full Council on the 23<sup>rd</sup> February 2021. This was shared with the DfE in July 2021 and officers are meeting with the DfE later this month to discuss plans and progress. Cabinet are kept informed in the quarterly budget monitoring report.

<b>DSG Reserve</b>	<b>Early Years Ringfence (effective 01-04-21)</b>	<b>Schools Block, HNB &amp; Central</b>	<b>Total 20/21 FY</b>
Balance Brought Forward from 20/21		18.474	18.474
Early Years Adjustment 20/21 prior year		n/a	
Forecast variance 21/22	(0.083)	8.310	8.227
Estimated balance CFWD 2022	<b>(0.083)</b>	<b>26.784</b>	<b>26.701</b>

### **Proposals**

16. Schools Forum is asked to note the budget monitoring position at the end of August 2021.

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Service Area	Current Annual Budget	Period 5 Forecast	Period 5 Forecast Variance		20/21 Outturn Variance	July forecast variance £m	Budget Move-ment from Previous Report
	£m	£m	£m	%			
Three to Four Year Olds EY Entitlement Funding	24.703	24.703	0.000	0.00%	-0.229	0.000	0.000
Two Year Olds EY Entitlement Funding	2.417	2.417	0.000	0.00%	(0.162)	0.000	0.000
Early Years Inclusion Support Fund	0.357	0.357	0.000	0.00%	(0.042)	0.000	0.000
Early Years Pupil Premium & DAF	0.319	0.319	0.000	0.00%	(0.107)	0.000	0.000
Early Years Central Expenditure	0.422	0.339	(0.083)	-19.64%	(0.155)	(0.083)	0.000
<b>Early Years Block</b>	<b>28.217</b>	<b>28.134</b>	<b>-0.083</b>	<b>-0.29%</b>	<b>-0.695</b>	<b>-0.083</b>	<b>0.000</b>
Schools Budget Shares Primary & Secondary - Local Authority Schools	115.109	115.109	0.000	0.00%	0.000	0.000	0.000
Schools Budget Shares Primary & Secondary - Academy Schools	196.938	196.938	0.000	0.00%	0.000	0.000	0.000
Licences and Subscriptions	0.053	0.047	(0.006)	-10.99%	(0.000)	(0.008)	0.002
Free School Meals	0.028	0.028	0.000	0.00%	(0.008)	0.000	0.000
Staff Supply Cover (Not Sickness)	0.619	0.583	(0.036)	-5.85%	0.000	(0.024)	-0.012
Behaviour Support Team	0.639	0.639	0.000	0.00%	0.000	0.000	0.000
Ethnic Minority and Traveller Achievement	0.543	0.534	(0.008)	-1.54%	(0.076)	(0.008)	0.000
<b>De Delegated Total</b>	<b>1.882</b>	<b>1.831</b>	<b>-0.050</b>	<b>-2.68%</b>	<b>-0.084</b>	<b>-0.041</b>	<b>-0.010</b>
Growth Fund	2.278	1.000	(1.278)	-56.10%	(2.735)	(1.278)	0.000
<b>Schools Block</b>	<b>316.207</b>	<b>314.878</b>	<b>-1.328</b>	<b>-0.42%</b>	<b>-2.819</b>	<b>-1.318</b>	<b>-0.010</b>
Special School Place Funding	8.062	8.062	0.000	0.00%	0.000	0.000	0.000
Resource Base (RB) Funding	1.659	1.659	0.000	0.00%	0.000	0.000	0.000
Enhanced Learning Provision (ELP) Funding	2.162	2.162	0.000	0.00%	0.000	0.000	0.000
<b>High Needs Block (all schools)</b>	<b>11.882</b>	<b>11.882</b>	<b>0.000</b>	<b>0.00%</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Named Pupil Allowances (NPA)	6.416	8.391	1.975	30.78%	2.684	1.928	0.047
Special School Top-Up	8.251	10.239	1.988	24.10%	2.540	2.111	-0.123
Resourced Base (RB) Top-Up	2.013	2.336	0.323	16.05%	0.621	0.212	0.111
Enhanced Learning Provision (ELP) Top-Up	1.667	2.860	1.193	71.58%	0.896	1.195	-0.002
Secondary Alternative Provision Funding	2.791	2.791	0.000	0.00%	0.025	0.000	0.000
Non Wiltshire Pupils in Wiltshire Schools	0.000	0.000	0.000	0.00%	0.000	0.000	0.000
<b>Devolved to Maintained &amp; Top Up Total</b>	<b>21.137</b>	<b>26.617</b>	<b>5.479</b>	<b>25.92%</b>	<b>6.766</b>	<b>5.446</b>	<b>0.034</b>
Wiltshire College Places	2.100	2.100	0.000	0.00%	0.000	0.000	0.000
Wiltshire Pupils in Non Wiltshire Schools	2.074	2.377	0.303	14.63%	0.520	0.303	0.000
Post-16 Top-Up	2.824	5.404	2.581	91.40%	1.484	2.636	-0.055
Independent & Non-Maintained Special Schools	11.846	13.760	1.914	16.15%	2.160	1.854	0.060
SEN Alternative Provision, Direct Payments & Elective Home Education	2.290	2.128	(0.162)	-7.08%	0.699	0.267	-0.429
Education Other than at School (EOTAS)	0.536	0.497	(0.039)	-7.32%	0.002	(0.045)	0.006
<b>Funding for Places outside Schools</b>	<b>21.670</b>	<b>26.266</b>	<b>4.597</b>	<b>21.21%</b>	<b>4.865</b>	<b>5.014</b>	<b>-0.417</b>
High Needs in Early Years Provision	0.454	0.422	(0.032)	-7.05%	(0.032)	(0.032)	0.000
Speech & Language	0.566	0.564	(0.001)	-0.22%	(0.023)	(0.001)	0.000
0-25 Inclusion & SEND Teams	2.376	2.061	(0.315)	-13.25%	0.000	(0.315)	0.000
Specialist Teacher Advisory Service	1.243	1.159	(0.084)	-6.79%	(0.181)	(0.087)	0.002
Other Special Education	0.271	0.271	0.000	0.00%	(0.148)	0.000	0.000
<b>Commissioned &amp; SEN Support Services</b>	<b>4.909</b>	<b>4.477</b>	<b>-0.432</b>	<b>-8.81%</b>	<b>-0.384</b>	<b>-0.435</b>	<b>0.002</b>
<b>High Needs Block</b>	<b>59.599</b>	<b>69.242</b>	<b>9.643</b>	<b>16.18%</b>	<b>11.247</b>	<b>10.025</b>	<b>-0.381</b>
Central Licences	0.395	0.395	0.000	0.00%	(0.001)	0.000	0.000
Central Provision (Former ESG)	1.065	1.065	0.000	0.00%	(0.050)	0.000	0.000
Admissions	0.426	0.420	(0.006)	-1.32%	0.038	(0.006)	0.000
Servicing of Schools Forums	0.003	0.003	0.000	0.00%	0.000	0.000	0.000
<b>Central Provision within Schools Budget</b>	<b>1.889</b>	<b>1.884</b>	<b>-0.006</b>	<b>-0.30%</b>	<b>-0.011</b>	<b>-0.006</b>	<b>0.000</b>
Education Services to CLA	0.103	0.103	0.000	0.00%	(0.057)	0.000	0.000
Child Protection in Schools & Early Years	0.056	0.056	0.000	0.00%	0.000	0.000	0.000
Prudential Borrowing	0.208	0.208	0.000	0.00%	0.000	0.000	0.000
<b>Historic Commitments</b>	<b>0.367</b>	<b>0.367</b>	<b>0.000</b>	<b>0.00%</b>	<b>-0.057</b>	<b>0.000</b>	<b>0.000</b>
<b>Central School Services</b>	<b>2.257</b>	<b>2.251</b>	<b>-0.006</b>	<b>-0.25%</b>	<b>-0.068</b>	<b>-0.006</b>	<b>0.000</b>
<b>Total Schools Budget</b>	<b>406.279</b>	<b>414.506</b>	<b>8.227</b>	<b>2.02%</b>	<b>7.664</b>	<b>8.618</b>	<b>-0.391</b>

Volume analysis	Budgeted Activity	Period 5 Forecast Activity	Period 5 Forecast Variance		20/21 Outturn Volume	Volume movement from Previous Report	Period 1 Forecast Price	20/21 Outturn Price	Unit
	FTE	FTE	FTE	%					
Three/Four Year Olds	10,197	10197	0	0%	9,938	0	£4.25	£4.20	p/hr
Two Year Olds	774	774	0	0%	774	0	£5.48	£5.40	p/hr
ISF	0	0	0	0%	0	-	£615	£615	pa
							£0.53	£0.53	p/hr
<b>Early Years Block</b>	<b>10,971</b>	<b>10,971</b>	<b>-</b>	<b>0%</b>	<b>10,712</b>	<b>0</b>			
<b>ACTIVITY DRIVER DATASET</b>									
Sp Sch Place Funding	812	812	0	0%	1,094	-	£9,928	£6,546	pa
RB Funding	315	315	0	0%	460	0	£5,258	£4,200	pa
ELP Funding	305	305	0	0%	594	0	£7,099	£3,213	pa
	<b>1,432</b>	<b>1,432</b>	<b>0</b>	<b>0%</b>	<b>2,148</b>	<b>-</b>			
NPA	1,120	1,524	404	36%	1,042	-9	£5,505	£5,661	pa
Special School Top-Up	779	993	214	27%	778	20	£10,310	£10,327	pa
RB Top-Up	342	411	68	20%	351	22	£5,686	£5,736	pa
ELP Top-Up	360	578	218	61%	317	5	£4,944	£4,512	pa
	<b>2,603</b>	<b>3,507</b>	<b>904</b>	<b>35%</b>	<b>2,487</b>	<b>7</b>	<b>£7,590</b>	<b>£7,821</b>	<b>pa</b>
Wiltshire College Places	350	350	0	0%	350	-	£6,000	£6,000	
Non Wiltshire Schools	181	198	18	10%	177	0	£11,989	£11,193	pa
Post-16 Top-Up	262	464	203	77%	394	1	£11,642	£10,526	pa
Ind & Non-Maint Sp Sch	231	265	34	15%	214	3	£51,888	£49,988	pa
SEN AP, DP & EHE	170	158	-12	-7%	164	34	£13,469	£13,501	pa
	<b>1,193</b>	<b>1,436</b>	<b>242</b>	<b>20%</b>	<b>1,300</b>	<b>29</b>	<b>£18,295</b>	<b>£17,245</b>	<b>pa</b>
<b>High Needs Block</b>	<b>5,228</b>	<b>6,374</b>	<b>1,146</b>	<b>22%</b>	<b>5,935</b>	<b>23</b>	<b>£10,863</b>		
<b>ACTIVITY DRIVER DATASET</b>									

The total activity FTE is higher than total no of EHCPS as children in SS, ELP & RB may also have top ups  
SS, ELP & RB places above those agreed with the DfE are costed to top ups

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## High Needs Budget Meeting

Wednesday 7<sup>th</sup> July

**Present:** Helean Hughes (chair), Cate Mullen (notes), Alison Enever, Neil Baker, Vicky Dunncliffe (for item 2), Grant Davies, Lisa Percy, Stuart Hall, Sarah Garbutt, Lisa Fryer

**Apologies:** Marie Taylor

### 1. Actions from previous meeting

From 6<sup>th</sup> May; distributed following the meeting and shared via SF.

### 2. AP – information share and update (VD)

Vicky Dunncliffe shared slides and updates relating to AP. This was very well received with the group noting the tremendous progress that had been made in this area.



HNB AP  
Presentation.pptx

NB highlighted the challenges navigating Right Choice in order to find the approved provider list.

SH requested some input to WPCC.

**Action:** information to be shared as part of a HT briefing; emphasis upon the QA associated with the provider list

SG highlighted the availability and partnership elements need highlighting and celebrating in any information share. Echoed by LP.

**Action:** VD to put together a briefing to highlight the distance travelled

### 3. DfE HNB meeting: feedback from meeting on 14/6 (MT)

Meeting held on 14<sup>th</sup> June. Very much an introductory meeting and opportunity to gather information from us. Confirmed ending of CSR period. SEND funding remains a significant issue. The management and recovery plan was shared with them at the meeting and detail shared about activity. A further meeting to be held in the autumn.

HH shared that the question was asked about when we anticipated seeing a balanced budget.

F40 group has also met with the DfE to discuss SEND funding – a couple of interesting comments noted as part of this meeting; more money sought from the treasury to support capital development but also money sought to 'pay off' the HNB deficits held by LAs.

#### **4. HNB plan: update on provision mapping work and HNB information sharing sessions with schools and stakeholders (CM/HH)**

Provision mapping- This needs to align with existing paperwork – Heads reported that SENCOs feel overloaded with paperwork e.g. AR and requests for assessment

The key message was ‘Keep it simple!’ Links to paperwork and processes needed to move between phases and use of drop downs

The introduction of the provision mapping needs to be done in a phased way rather than implementing all at once. This will help schools to adjust.

It was agreed that it would be helpful to have a diagrammatic way of sharing information and the associated stages, linked to legislation using phrases and legislation e.g. CoP

It was agreed that it is important to have a common language associated with this work and adopt a clear and concise description.

CM shared the timeline – keen to pull something together for early autumn for sharing with the group.

**Action:** CM to pull this together

OAP within a Resource Base is also required to assist with mainstream and other colleagues. This will be explored alongside the SLA.

HNB – The issues associated with this budget position would benefit from a whole LA view. HH and CM would like to run information sharing sessions in the autumn. These sessions will provide the context of the SEND strategy, the budget and invite further problem-solving.

Question as to the best format and way of doing this?

SG – suggested this be an addition to school budget information sharing

LP – suggested a headteachers briefing and session for SENCOs following this. This could be a regular item in the agenda

SG- need to change the conversation from ‘we can’t meet needs’ to how can we support? What can we do next? Need to link everything together

SH – sensitive approach required with families; focus upon need rather than diagnosis and exploring different ways to meet need, especially given some of the experiences that families have had

Discussion about how best to engage with families in this discussion – taking account of ISOS report findings etc but also reiterating the progress which is being made and having an honest and open conversation. Need to test things out with our schools and stakeholders and keeping the strategy ‘live’

SG – early information sharing re DSCs and learners much earlier will assist.

**Action:** Autumn term needs to be facilitated CM/HH/SH

#### **5. Banding benchmarking information and feedback (GD/MT)**



GD has commenced a piece of work relating to benchmarking across LAs, sharing information collated on a spreadsheet. This has not been a straightforward task as different areas and localities undertake this in different ways. Not easy to compare the costs associated with a particular need across different areas and models.

Examples shared are from across the SW region – some are using a banding model, similar to Wiltshire and others are using a matrix system and some are using an amalgamation of the two methodologies.

Discussed the need to make sure that our model is clear and reflected in all aspects of our assessment process from EHCNA onwards. Need to take account of complexity and interaction of areas of need etc

SH – strength of the current system is that it was co-produced with Wiltshire families. However, many families are not aware of the banding their young person receives. This can be important given its links to the Short Breaks programme

Discussed how movers in from other LAs are ‘transferred across’ – CM feel that this is reliant upon good quality information sharing between the LAs. NB reported that a challenge can be when provision doesn’t easily ‘map across’ between LAs eg provision of specialist services.

**Action:** GD to bring back further information relating to banding sums across different areas for comparison and further discussion

Discussion around how there can be clear links shown between all of the workstreams and areas of work which are underway

NB – this needs to be shown easily to groups such as SF to reassure about the activity underway in this area

LP – infographic would be preferable to a written report eg showing progress along in these areas

**Action:** further consideration to be given for this HH/CM/ALL

## **AOB**

HH- Extraordinary cabinet meeting to be held in a fortnights time to consider request for additional funding to support the work of the SEND&I service.

GD- January census data is now available. Headline information shared with the group relating to numbers of learners with EHCPs and pupils at SEND support. 23 Wiltshire schools have no learners with EHCPs, some are rural and some have small numbers (PAN).

Agreed that some triangulation from across services would be helpful.

**Action:** to be brought back to a future meeting for further consideration.

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# High Needs Block Working Group Meeting

Thursday 9<sup>th</sup> September 2021

**Present:** Helean Hughes (chair), Angela Everett (notes), Cate Mullen, Alison Enever, Marie Taylor, Grant Davies, Lisa Percy, Stuart Hall, Sarah Garbutt, Lisa Fryer, Lyssy Bolton, Mike Thomas.

**Apologies:** Charlotte Thomas

## 1. Welcome & introductions.

## 2. Actions from previous meeting.

From 7<sup>th</sup> July; distributed following the meeting and actions now updated.

### Discussion –

AP presentation, Vicky D has now left service, Teresa Mcilroy manager for this area of work.

**Action** - High Needs Plan to be updated in Autumn Term, plan for comms/progress HNB plan going out include Sue Ellison.

Benchmarking discussed/Dorset example, CM to look at broader picture

Cabinet report - SEN & Inclusion team resources agreed, recruitment plan in place .

## 3. Budget Update MT

Marie Taylor shared slides covering the following.

- Budget Monitoring HN Placements 31/8/21
- SEND & I Investment (incl commentary on regional staffing caseloads)
- High Needs NFF 22-23
- Benchmarking Update;

CM – explained benefits re SEND & Inclusion investment to support, managing requests, AR traffic, EP time & involvement in all EHCP's, managing stat deadlines, work is part of SEN2 DfE returns, Early intervention work.

LB – exciting news, well received, discussed purchasing EP's, more EP's, recruitment can be difficult, will take time to balance EP purchase/time and early intervention work.

SH- raised need for SENDSS advisory support, will the funding include this support? Different funding stream, this team funded through DSG, would need discussion, cabinet & DfE approval.

LB – acknowledged interface with SEND IWs/ team valuable, knowing schools/RB's, building relationships consistently add value, CM & AE acknowledged this is being progressed.

HH – HNF benchmarking discussed , Tim Brown/Gloucester good contact.

## **4&5 Provision Mapping**

Cheshire East LA highlighted as good provision map example, LO site also good example, CM has made contact to discuss with a view to using extracts, build into Wiltshire version. Cheshire request further meeting for discussion.

**Action**, CM to contact and feedback at next meeting.

## **Key updates (HNB recovery plan, Cabinet)**

School & teams settling back after summer, so no updates to report at this meeting, updates should be available for next meeting re LF work, and dyslexia friendly school plan.

**Action** – CM updates next meeting

## **AOB**

MT – any updates on LO site? Ongoing work, not up and running yet, there will be a standalone platform for user friendly information CM and SH on working group.

LB – highlighted need for consideration of SEMH AP, early intervention & AP acknowledged by group, addressed through FACT group, LB raised COMP funding with CSL.

HH – acknowledged this work is being picked up via FACT workstream, these are now regrouping, and early help is main thrust. Discussed the need for rep on SEND operational board to ensure this work is covered and importance acknowledged.

**Action** – SG to join the SEND operational board

AE – HELM sits across this area of work re earliest intervention, HELM meetings now taking place after summer break, children being referred in at earliest point, AE meeting with HV managers to discuss referral route, HV bringing cases to HELM.

LB – discussed call with DFE EYs consultative meeting raised the issue re EYS practitioners having greater concerns about ‘behaviour’ of pre-schoolers (and younger engagement in school. They were clearly interested. So might come back to me (us) for further discussion.

AE – happy to be involved re further discussion

**Wiltshire Council**

**School Funding Working Group: 27<sup>th</sup> September 2021**

**Schools Forum: 7<sup>th</sup> October 2021**

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## **National Funding Formulae for Schools and High Needs – 2022-23**

### **Purpose of report**

1. To outline the Department for Education (DfE) funding proposals for schools and high needs in 2022-23. The DfE published its document '*The national funding formulae for schools and high needs – 2022-23*', in July 2021.
2. This report is presented purely to bring the latest DfE funding changes to the attention of members of the Schools' Forum rather than for consultation. All funding decisions relating to the 2022-23 year will be taken later this year, following the announcement of the 2022-23 funding settlement.

### **Background**

3. In the Autumn of 2019, the government announced its pledge to boost schools and high needs funding. Building on the 2019-20 funding levels, the cash increases of £14.5 billion over 3 years would comprise;
  - i. £2.6 billion in 2020-21
  - ii. £4.8 billion in 2021-22 (increase by £2.2bn)
  - iii. £7.1 billion in 2022-23 (increase by £2.3bn)
4. In addition, a further £700million was pledged for High Needs nationally in 2020-21 and a further £730m for 2021-22.
5. The DfE have continued to allocate school funding on the basis of the National Funding Formula (NFF) which should see all schools benefitting from the additional funding. Nationally, the Schools Block of the Dedicated Schools Grant (DSG) has been awarded an average increase of:
  - a. 4% in the pupil-led funding factors for 2020-21 compared to 2019-20
  - b. 3% in the pupil-led funding factors for 2021-22 compared to 2020-21
  - c. 3% in the pupil-led funding factors for 2022-23 compared to 2021-22
6. The 2022-23 year will be another 'soft' year with local Schools' Forum still retaining its role in determining the school funding allocation methodology.

## Proposals for 2022-23

7. The DfE have announced the indicative DSG Block allocations, based upon October 2020 census data which formed the basis of the 2021-22 allocations. The only Block which can't be proposed at this early stage is the Early Years Block, which is subject to further work by the DfE.
8. The table below sets out the indicative DSG funding for the Schools, High Needs and Central Blocks. The Early Years Block figures are simply replicated from the 2021-22 allocation in order to provide a view of the overall quantum of funding for 2022-23.

	<b>Schools</b>	<b>High Needs</b>	<b>Central</b>	<b>Early Years</b>	<b>TOTAL</b>
2021-22	£314,778,576	£57,528,558	£2,448,599	£27,243,000	<b>£401,998,733</b>
2022-23	£325,282,108	£62,353,552	£2,597,335	£27,243,000	<b>£417,475,995</b>
Uplift	£10,503,532	£4,824,994	£148,736	£0	<b>£15,477,262</b>
% Uplift	3.33%	8.39%	6.07%	0.00%	<b>3.85%</b>

9. The main formula for the 2022-23 year is broadly similar to the formula for the 2021-22 year however there are some changes, as detailed below.
  - a. Overall, the DfE's School funding budget is set to increase by 3.2%
  - b. Core pupil-led funding factors and the lump sum to increase by 3%
  - c. The 'Minimum per pupil funding level' to increase by 2%
  - d. The Free School Meals factor (for the costs of providing a meal for eligible pupils) to increase by 2%
  - e. Every school to receive at least 2% more funding per pupil
  - f. Changes to Sparsity calculations and funding allocations (subject to a separate report)
  - g. Using the previous October census for calculating Deprivation FSM6 funding rather than the previous January census (reducing the lag)
  - h. Centralising the payment of Business Rates for schools (covered in a separate report)
  - i. Increasing the DfE's High Needs funding by £780m or 9.6%
  - j. All local authorities to see an increase in High Needs funding of between 8% and 11%
  - k. The 'Historic Spend' factor within the High Needs NFF to be updated to 50% of a local authorities' spend in 2017-18
  - l. A transfer of up to 0.5% of Schools Block funding to the High Needs Block will be permitted, subject to Schools Forum approval
  - m. The Central School Services Block comprises of 2 elements, funding towards;
    - i. Historic Commitments - £293,888
    - ii. Ongoing local authority responsibilities - £2,303,447

## Funding Values Proposed in the NFF for 2022-23

10. The table below sets out the NFF funding values for school for the 2022-23 year.

<b>Factor</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Primary KS1&2 AWPU	£2,747	£2,857	£3,123*	£3,217*
Secondary KS3 AWPU	£3,863	£4,018	£4,404*	£4,536*
Secondary KS4 AWPU	£4,386	£4,561	£4,963*	£5,112*
Primary & Secondary FSM	£440	£450	£460	£470
Primary FSM6	£540	£560	£575	£590
Secondary FSM6	£785	£815	£840	£865
IDACI Primary Band A	£575	£600	£620	£640
IDACI Primary Band B	£420	£435	£475	£490
IDACI Primary Band C	£390	£405	£445	£460
IDACI Primary Band D	£360	£375	£410	£420
IDACI Primary Band E	£240	£250	£260	£270
IDACI Primary Band F	£200	£210	£215	£220
IDACI Secondary Band A	£810	£840	£865	£890
IDACI Secondary Band B	£600	£625	£680	£700
IDACI Secondary Band C	£560	£580	£630	£650
IDACI Secondary Band D	£515	£535	£580	£595
IDACI Secondary Band E	£390	£405	£415	£425
IDACI Secondary Band F	£290	£300	£310	£320
Prior Attainment – Primary	£1,022	£1,065	£1,095	£1,130
Prior Attainment – Secondary	£1,550	£1,610	£1,660	£1,710
EAL – Primary	£515	£535	£550	£565
EAL - Secondary	£1,385	£1,440	£1,485	£1,530
Mobility – Primary	£0	£875	£900	£925
Mobility – Secondary	£0	£1,250	£1,290	£1,330
Lump Sum	£110,000	£114,400	£117,800	£121,300
Sparsity – Primary	£0-£25,000	£0-£26,000	£0-£45,000	£0-£55,000
Sparsity – Secondary	£0-£65,000	£0-£67,500	£0-£70,000	£0-£80,000
Primary - MPPFL	£3,500	£3,750	£4,180	£4,265
Secondary – MPPFL	£4,800	£5,000	£5,415	£5,525

\* - Includes the Teachers Pay and Pension Grants of £180 for Primary and £265 for Secondary

## Key Funding Decisions taken by Schools Forum in 2021-22

11. A number of funding decisions were taken by Schools Forum for the 2021-22 year including;
- To include the NFF Mobility factor within the Wiltshire formula
  - To apply all other NFF factors in full
  - To increase sparsity funding by 3% not to the NFF rates
  - To set the Minimum Funding Guarantee at +2.00% (in line with NFF)
  - To transfer 0.5% of the Schools Block to the High Needs Block

## Role of Schools Forum and the Local Authority

12. The government has confirmed its intention to move to a single 'hard' NFF to determine every schools budget. For the 2022-23 year, the DfE have confirmed it will be another 'soft' year, with each LA along with its Schools Forum being able to determine its school funding formula.
13. The only mandatory factor for 2022-23 will be the application of the minimum per pupil funding levels, being £4,265 and £5,525 in Primary and Secondary respectively.
14. The formula will be presented at Schools Forum when the final allocations have been confirmed and to the LA for political ratification and approval in February 2021.

## Budget Setting Process 2022-23

15. Local authorities are required to submit the proposed delegated budget for schools in their areas to the DfE in January 2022. The DfE are required to confirm the formula is fully compliant with the funding regulations and will then confirm budgets to academies during February 2022. The LA will need to notify maintained schools of their budget shares by the end of February 2022 as in previous years.
16. The LA will engage in consultation with schools in the County, including any changes to the formula, movement between blocks and any de-delegation for maintained schools. In terms of setting the budgets for schools for 2022-23, the amount of funding available for distribution to schools will be calculated as follows;

DSG Schools Block Allocation	£325,282,108
Less: Growth Fund	x,xxx,xxx
Less: Transfer to Other Blocks	x,xxx,xxx
Total available for School Funding	<b>xxx,xxx,xxx</b>



## **Growth Funding**

17. The new approach introduced as part of the NFF for calculating the Growth funding will continue in the 2022-23 year. The County will be broken down into middle layer super output areas (MSOA's) and the growth in pupils in the MSOA area between the October 2021 census and the October 2020 census will attract funding at:
- £1,485 per primary pupil
  - £2,220 per secondary pupil
  - £70,800 for each new school (no new schools in Wiltshire this year)
18. The level of Growth funding required in 2022-23 and size of the Growth Fund will be determined later in the year along with confirmation of Growth funding criteria.

## **Initial Modelling**

19. Initial modelling of the Schools Block demonstrates that the NFF is affordable, based upon the October 2020 census and therefore the full NFF could be implemented. There are questions for Schools Forum to consider regarding a move to the full NFF.

## **De-Delegation**

20. There are a number of budgets included in the local formula that maintained schools only, can agree to de-delegate so that certain services continue to be provided centrally by the LA. De-delegation cannot be applied to amounts delegated to academies or to special schools. Schools Forum will take this decision on behalf of maintained schools, based upon the results of a consultation responses.
21. For the 2021-22 year, it was agreed by the maintained schools voting members that the de-delegation of services would continue as it had for those services de-delegated in 2020-21 and in previous years.

## **Notional SEN**

22. Mainstream schools and Academies will continue to receive a clearly identified budget for SEN, known as the Notional SEN budget. Using their notional SEN budget, mainstream schools and Academies will be expected to:
- meet the needs of pupils with low-cost, high-incidence SEN and
  - contribute towards the costs (first £6,000) of provision for all pupils with high needs.

## **Questions for Schools Forum**

23. Increased funding through Sparsity. A separate report is being presented regarding the results of the DfE's consultation on sparsity funding. The DfE will fully fund Wiltshire on the basis of the NFF values. Sparsity has been designed to help secure small rural schools and the decision for schools forum will be
- An increase in the maximum sparsity allowances by £10,000 to £55,000 and £80,000 for primary and secondary respectively. (The current Wiltshire funding rates are £26,780 and £69,525).
24. Under the funding guidance for 2022-23, Schools Forum will continue to be able to transfer up to 0.5% of their Schools Block allocation to other Blocks of the DSG.

## Proposal

25. Schools Forum to note the content of the report and to consider the questions raised in the paper.

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## Wiltshire Council

### Schools Forum Finance & SEN Working Group 27<sup>th</sup> September 2021

### Schools Forum 7<sup>th</sup> October 2021

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## Update on DfE Consultations

### Purpose of report

1. To provide an update on the Department for Education (DfE) national consultations impacting on schools and local authority budgets. A number of consultations are either underway or have been completed and these include.
  - a. Business Rates
  - b. Fair School Funding for all (deadline for responses 30<sup>th</sup> September 2021)
  - c. Sparsity
  - d. SEN Review

### Background – Business Rates

2. Between March and May 2021, the DfE consulted on the centralisation of business rates for schools. On 18<sup>th</sup> August 2021 the DfE published their response and changes to the current process, and these are outlined below. A link to the DfE website can be accessed here: [Changes to the payment process of schools' business rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/changes-to-the-payment-process-of-schools-business-rates)
3. Business rates are a tax charged on the occupation of non-domestic properties, including schools. The key proposal in the consultation was for the DfE to centralise the payment of business rates on behalf of all schools, both maintained and academy schools. The proposal is due to take effect from April 2022.
4. Within Wiltshire, the impact will be minimal for maintained schools, as Wiltshire is both the billing authority and funding body, therefore in essence schools don't physically receive funding for or pay for their school business rates.
5. For academy schools, this will be a welcome change as at present, academy schools must pay for their business rates before recovering the monies from the DfE.
6. The DfE will create a single reconciliation between our schools and the Council, as the billing authority. The proposals should create efficiencies for schools as well as cashflow benefits for academy schools.

## **Background – Fair School Funding for all: completing our reforms to the National Funding Formula (NFF)**

7. The deadline for responding to this consultation was prior to this meeting of schools' forum and therefore the consultation was considered at length by the School Funding and SEN Working Group at an extraordinary meeting, held on the 8<sup>th</sup> September 2021.
8. A link to DfE consultation website can be accessed here: [Fair school funding for all: completing our reforms to the National Funding Formula - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/fair-school-funding-for-all-completing-our-reforms-to-the-national-funding-formula)
9. This consultation continues the DfE journey towards a '**hard**' formula with no or little local flexibility and whilst in Wiltshire we align very closely to the NFF and there would be very little impact on budgets for the majority of schools, working group members felt they would like to retain some local flexibility. Other proposals include changes to the central schools' services block which could have an impact on the local authority's ability to fulfil its statutory responsibilities and therefore the level of support they are able to provide to schools without charge. These concerns have been fed back as part of the response.
10. A School Funding and SEN Working Group (Schools Forum) response was compiled and shared with Headteachers, Governors and School Business Managers via Right Choice, Helean's Weekly Newsletter and the respective 'Briefings'. The DfE consultation is appended to this report. The response from School Funding and SEN Working Group are appended, as are minutes of the extraordinary meeting.
11. The local authority has also submitted a response in its own right.
12. This information is provided as an update.

## **Background – Sparsity**

13. A separate paper has been prepared outlining the consultation and proposals for Sparsity, which will require discussion and consideration by Schools Forum, due to its potential impact upon the 2022-23 budgets.

## Background – SEN Review

14. This DfE review is still outstanding. The DfE did publish some documents on the 19th July 2021 regarding sustainable high need systems including some case studies. These will of course be considered as part of our recovery planning however the ideas and projects are aligned with our own thinking around creating specialist placement capacity, managing demand, and early intervention to prevent pressure later in the system.
15. A link to DfE website can be accessed here: [Creating sustainable high needs systems - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/creating-sustainable-high-needs-systems)
16. This information is provided as an update.

## Proposals

17. Schools' Forum notes the DfE consultation information around fair school funding and the SEN review.
18. Schools' Forum notes the changes and impact of the DfE changes to business rates payments following the DfE consultation.
19. Schools' Forum refers to the separate paper for the consultation on Sparsity.

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## Schools Forum

### School Funding and SEN Working Group – extraordinary meeting

#### MS TEAMS MEETING

8<sup>th</sup> September 2021

#### Minutes

**Present:** Marie Taylor (Chair), (Finance, local authority ((LA)), Grant Davis (Finance, LA), John Hawkins (Teacher / Governor rep), Catriona Williamson (Mere), Andy Bridewell (Ludgershall Castle), Lisa Percy (Hardenhuish), Rebecca Carson (Woodford Valley) Sam Churchill (Hilmarton) Graham Nagel-Smith (Morgan's Vale & Woodfalls)

**Apologies:** Georgina Theobald-Kiely (Downland) Cate Mullen (Head of Inclusion & SEND, LA),

1.	<b>Welcome and Apologies</b>	
2.	<p><b>Extraordinary Meeting to discuss the DfE Consultation:</b></p> <p><b>Fair school funding for all: completing our reforms to the National Funding Formula (NFF) – response deadline 30<sup>th</sup> September 2021.</b></p> <p>MT outlined each of the consultation questions and provided the local authority view and commentary as a starting point. The group felt that the DfE had a clear direction of travel to a hard formula, and this has been known for a sufficient number of years to allow local authorities to plan alignment with limited impact on individual school budget as Wiltshire has.</p> <p>The group concurred with the majority of the local authority proposals however changes were made to:</p> <p><b>Question 1</b> – No, the group's preference would be to retain some local flexibility with regard to formula factors which the form have previously flexed e.g., sparsity (under the existing sparsity guidance) and mobility.</p> <p><b>Question 5</b> – No – to reflect the earlier response to 1.</p> <p><b>Question 10</b> – Yes – to reflect the earlier response to 1.</p> <p><b>Other commentary</b></p> <p><b>Question 11</b> LP provided useful feedback that should CSSB be reduced, and local authority school improvement and other services reduced, diluted or stopped, the impact would be on schools as they would need to procure services using school budget share. JH supported this view.</p> <p><b>Question 13</b> With regard to the proposal to move the financial year end of maintained schools to align to academy schools, the academy heads agreed this did make planning straightforward and they liked it however, the duty on academies to produce monthly management accounts meant that producing the required mid year (31<sup>st</sup> March) report to be included in the Whole of Government Accounts (WGA) was straightforward. Maintained heads were concerned that there could be additional burdens on the smaller primaries to have admin &amp; finance staff in school during</p>	

	<p>August to arrange payment of invoices. Contractual issues may arise and cost pressures for additional paid working days. LP responded that they put in artificial barriers for final orders to take place mid July and that new orders were not placed until mid-September to assist with lessening year end duties.</p> <p>A different issue is that of the time between the census data used to fund schools (the October prior to April and September) will mean all schools not just academies will have 11 months lag between the census and the beginning of the financial year. A growing school would be worse off, a contracting school better off. The solution could be to move the census used to January.</p> <p><b>Question 16</b> The group took full advantage of this box to explain their reasoning to Q1 and the very specific MOD presence in Wiltshire plus the benefits of three-year settlements, assuming adequate uplift was built in for inflation, pay inflation and upcoming changes to NI and pensions.</p> <p><b>Next Steps</b> MT to update and finalise, GD to load onto Right Choice Publicise via HT briefing, Govs briefing, schools newsletter and ask the chairs of PHF, WASSH &amp; WGA to promote amongst their members.</p> <p>The local authority will also respond. MT to ask senior leadership to respond</p>	<p>MT GD  MT</p>
9	<p><b>AOB</b> MT raised one item for the group – a request to consider suitable proposals for the roles of chair and vice chair of schools forum following the retirement of Neil Baker. CW agreed to ask PHF to consider this at their exec on Thursday.</p>	<p>CW</p>



## DfE Consultation

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

#### Schools Block

#### The scope of the directly applied NFF

Please refer to section 3.1 of the consultation document.

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

- Yes
- No** ✓ (Reasoning: *local discretion has previously been applied in Wiltshire re: sparsity and mobility previously to avoid double funding from army rebasing or, unfair / different funding levels for similar size and type schools*)
- Unsure

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

Please comment:

Having given this some thought we can offer no better alternative and agree that a formulaic factor for Split Site allowances would be appropriate. With regards the exceptional circumstances, this funding is applied to those schools without a hall or sports fields to enable the school to access these facilities from a community provider. Being able to continue funding for these schools is important but a national formulaic approach could result in over-funding some schools and under-funding others.

#### Growth and falling rolls funding

Please refer to section 3.3 of the consultation document.

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

- Yes** ✓ (Currently, schools have to be “good” to benefit for falling rolls funding, low eligibility)
- No
- Unsure

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

Please comment:

A consistent funding methodology for 'growth' would be appropriate however some growth can be forecast and some can be 'unknown and lagged' – any method would need to suit both types of growth.

For brand new opening schools, a transparent and clear funding process for any 'pump priming' and annual funding towards revenue costs should be clear.

Setting a level of tolerance before awarding growth funding and falling rolls funding for what is considered to be 'business as usual' number growth and falls.

The use of a 'Pupil Number Adjustment' (PNA) to clawback growth funding issued to schools is wholly unfair as the schools anticipating the growth will have staffed up, according to the planned growth and should not be penalised through a PNA.

#### Next steps for the transition to the end state NFF for schools

Please refer to section 3.4 of the consultation document.

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

- Yes
- No ✓
- Unsure

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

- Yes ✓
- No
- Unsure

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

- Yes
- No ✓
- Unsure

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

Please comment:

Should be 100% - otherwise no point having a NFF – all LA's should have been moving towards the NFF as Wiltshire has done – there has been sufficient time for Schools Forums to transition.

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

Please comment:

There shouldn't be a need for a threshold and all LA's should move to the NFF or, not with flexibility limited to relevant factors only

Next steps for the transition to the end state NFF for schools

Please refer to section 3.4 of the consultation document.

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

- Yes ✓ (As the proposal is to use the maximum period - EAL3, then no flexibility req'd in NFF)
- No
- Unsure

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

- Yes ✓
- No
- Unsure

## Central school services

Please refer to section 4.2 of the consultation document.

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

Please comment:

There are services included in CSSB which are statutory for all schools, academy and mainstream and further statutory duties for mainstream schools. It is therefore vitally important that this funding is not diluted, reduced, removed or, additional burdens placed on already stretched local authorities.

Schools need and rely on statutory and preventative school improvement services provided by the local authority – if these were diluted, reduced, removed etc, then the impact on schools would be they would need to procure these using school budgets and not have the economy of scale benefits that the local authority enjoys.

This should be considered alongside the future role of schools forums

Incorporating the grant in the LGFS would result in a loss of transparency of the funding

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

- Yes
- No
- Unsure

## A consistent funding year

Please refer to section 4.5 of the consultation document.

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

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

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

Please comment:

This is a very tricky issue, the impact is wider than school's accounting records although there are obvious benefits for aligning academic and financial years, schools have been managing the part year funding for many years with incredible success.

### Schools

Academy heads tell us they like the alignment but that the requirement for them to complete academy monthly management accounts means the mid year return is less burdensome.

Maintained heads are concerned they will need to ask finance/admin staff to work during the school summer holidays and this could have contractual repercussions and an additional financial burden.

Maintained schools would need to complete a mid year return as at 31/3 in order to return their "soft" financial year to the local authority for them to include in their SOA.

The impact of lagged funding that academies endure would also impact maintained schools. Modelling would need to be carried out to explore the possibility of using January census data rather than the previous October's census data

### Local Authorities

Huge volumes of midyear data from maintained schools for local authorities to process which will require resource.

One option is to exclude schools from local authority accounts to avoid the necessity of a "soft close" year end

## Equalities Impact Assessment

Please refer to Annex C of the consultation document.

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

Please comment:

No comment

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

Please comment:

With reference to 1. Above, in Wiltshire, we have benefitted from significant sums from the MOD when the army re-based from Germany in 2019.

The MOD provided additional funding for schools admitting significant numbers of pupils from Germany. Funding mobility on top of this would have funded those schools twice for those pupils.

Sparsity under the previous formula (as the crow flies) when modelled, put almost identical schools in very different funded positions and schools forum did not think this formula factor was fair – it was therefore not issued at the maximum sum.

Annualised schools funding does not allow efficient strategic planning, a three-year settlement taking account of increases such as the new social care employers national insurance increase, the upcoming pension strain pressures and of course, each year to be aligned to the cost of living (pay) inflation would reflect actual cost pressures schools are facing.

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Department  
for Education

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

**Government consultation**

**Launch date 8 July 2021**

**Respond by 30 September 2021**

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## Foreword by the Minister of State for School Standards



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

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

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

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

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

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

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

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

**Rt Hon Nick Gibb MP**  
**Minister of State for School Standards**

# 1. Introduction

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

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

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

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

The introduction of the NFF means that funding is now being allocated between different local areas fairly, and by reference to need, rather than historic spending levels. As we set out at the time, the previous funding system meant that local areas with a higher proportion of pupils with additional needs could receive less funding than those with lower proportions. Funding had not adjusted to reflect changing pupil needs - for example, changes in deprivation levels – between authorities<sup>1</sup>. The NFF means funding is now automatically directed by reference to which schools have higher numbers of pupils with additional needs, to help ensure that those schools can be supported to meet the needs of all their pupils. It has also meant that schools whose circumstances lead them to face higher costs, due for example to being more remote or due to additional costs associated with the nature of their premises, can have a higher

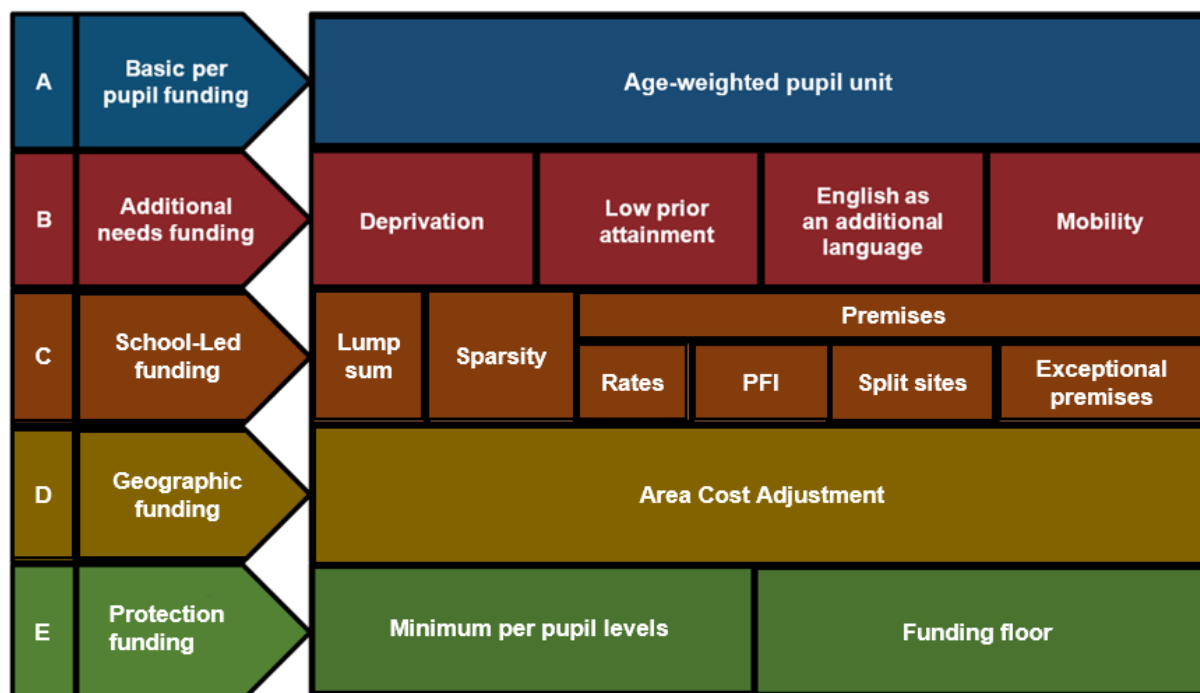
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<sup>1</sup> [Schools and high needs funding reform: The case for change and consultation summary](#)

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

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

**Figure 1 – Current NFF Funding Factors<sup>2</sup>**



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

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

Maintaining these local arrangements has been an important way to maintain stability in the system, as we have moved to a national funding approach. And we have seen significant progress of authorities choosing to move their local formulae towards the national formula since its introduction. Local funding formulae in 2021-22 show that a majority of local authorities have moved towards the NFF since its introduction in 2018-19. After allowing for the area cost adjustment (ACA), it shows that, of 150<sup>3</sup> local authorities in England, 105 have moved all of the factor values in their local formulae closer to the NFF over the past 3 years<sup>4</sup>. Of these, 73 local authorities are now mirroring the NFF funding factors almost exactly<sup>5</sup>.

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

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

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

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

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

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

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

**Table 1 – Range of possible allocations for schools under different local formulae<sup>7</sup>**

<b>School<sup>8</sup></b>	<b>Lowest LA funding</b>	<b>Mean average LA funding</b>	<b>Highest LA funding (London and Non-London)<sup>9</sup></b>
Small primary school with low deprivation	£260,000 (Medway)	£322,000	£361,000 (Newham) £361,000 (North East Lincolnshire)
Medium primary school with moderate deprivation	£1,718,000 (Essex)	£1,835,000	£2,167,000 (Hackney) £1,940,000 (Sandwell)
Large primary school with high deprivation	£2,676,000 (Essex)	£2,920,000	£3,357,000 (Hackney) £3,109,000 (Brighton and Hove)
Small secondary school with low deprivation	£2,754,000 (West Sussex)	£2,920,000	£3,443,000 (Hackney) £3,155,000 (Manchester)
Medium secondary school with moderate deprivation	£3,302,000 (West Sussex)	£3,512,000	£4,155,000 (Hackney) £3,715,000 (East Riding of Yorkshire)
Large secondary school with high deprivation	£5,768,000 (Kent)	£6,139,000	£7,020,000 (Hackney) £6,355,000 (Slough)

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

## Who this is for

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

## Issue date

The consultation was issued on 8 July 2021.

## Enquiries

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

[NFF.CONULTATION@education.gov.uk](mailto:NFF.CONULTATION@education.gov.uk)

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

## Additional copies

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

## The response

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

## Respond online

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

## Other ways to respond

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

**By email**

[NFF.CONULTATION@education.gov.uk](mailto:NFF.CONULTATION@education.gov.uk)

**By post**

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

**Deadline**

The consultation closes on 30 September 2021.

## 2. About this consultation

This consultation is seeking views on the approach to moving to a direct, “hard” NFF and how we most effectively transition towards this completed NFF in the years ahead. This is the first stage of our consultation on a hard NFF: we plan to publish a second stage consultation with more detailed proposals, following feedback to this first consultation.

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

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

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

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

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

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

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

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

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

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

## 3. Completing the NFF reforms

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

### 3.1 The scope of the directly applied NFF

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

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

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

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

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

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

This latter group of factors mostly act as proxies<sup>10</sup> for the extra costs that schools are likely to face in delivering the education of pupils with additional needs, including, in particular, SEND.

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

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

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

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

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

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



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

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

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

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

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

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

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

## 3.2 Developing the schools NFF to support the directly applied NFF

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

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

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

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

### **Premises: PFI**

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

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

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

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

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

### **Premises: Exceptional Circumstances**

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

### **Premises: Split Sites**

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

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

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

### **3.3 Growth and falling rolls funding**

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

#### **The lagged funding system**

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

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

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

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

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

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

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

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

At present, funding is allocated to local authorities through the NFF's growth factor<sup>13</sup>, which local authorities are expected to distribute to schools that are growing to meet basic need. Basic need is additional demand for school places due to population growth or net migration.

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

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

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<sup>12</sup> [National pupil projections: July 2018 \(2019 update\)](#)

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

funding would work as we move towards a hard NFF.

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

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

### **Proposed changes to growth funding, and new and growing schools**

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

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

budgets will increase, to reflect the higher pupil numbers.

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

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

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

### **Proposed changes to falling rolls funding**

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

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

afforded by the lagged system.

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

### **Funding start-up costs of new schools**

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

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

### **Popular growth funding**

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

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



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

Instead, for popular growth funding we propose:

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

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

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

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

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

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

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

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

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

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

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

## **Proposals**

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

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

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

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

to the NFF in 2023-24, and subject to the impact of this movement, we aim to move at least 15% closer to the NFF in 2024-25 and at least 20% closer in 2025-26.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 4.1 MATs' pooling of their funding

In 2013, MATs were granted the ability to pool General Annual Grant (GAG) funding. Pooling of GAG is defined<sup>15</sup> as 'the freedom to amalgamate a proportion of GAG funding for (all of a MAT's) academies to form one central fund'. This allows a Trust to pool some of the funding provided for all of the pupils for which it is responsible and distribute it between its constituent academies.

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

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

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<sup>15</sup> Paragraph 5.29 of the [Academies Financial Handbook 2020](#) (AFH)



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

## 4.2 Central school services

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

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

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

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

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

### **Ongoing central school services**

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

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

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

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

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

### **Funding for historic commitments under a direct NFF**

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

their schools over which schools should have control).

The expectation in 2013 was that the spend on these commitments would reduce over time as commitments and contracts expired but some of these are taking longer to unwind than expected. Therefore from 2020-21, we have started to reduce the funding for historic commitments by 20% on the previous year's allocation and have continued the reduction at the same rate subsequently<sup>17</sup>. These reductions are in line with our reforms to move to a fairer funding system, as we do not believe it is fair to maintain significant differences in funding indefinitely which reflect decisions made by some LAs a decade or more ago.

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

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

### 4.3 Supporting effective SEND provision

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

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

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

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

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

### **Funding mainstream schools' responsibilities for SEND within a hard formula**

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

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

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

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

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

### **Mainstream schools as part of a strong local SEND system**

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

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

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

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

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

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

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

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

## 4.4 Local and national decision-making

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

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

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

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

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

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

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

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

## **4.5 A consistent funding year**

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

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

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



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

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

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

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

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

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

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

## Introduction to the NFF guide

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

The DSG is split into four different blocks, which each serve a different purpose. The three blocks<sup>19</sup> which contribute to the 'core schools budget' are:

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

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

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

## Background to the NFF

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

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

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

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

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

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

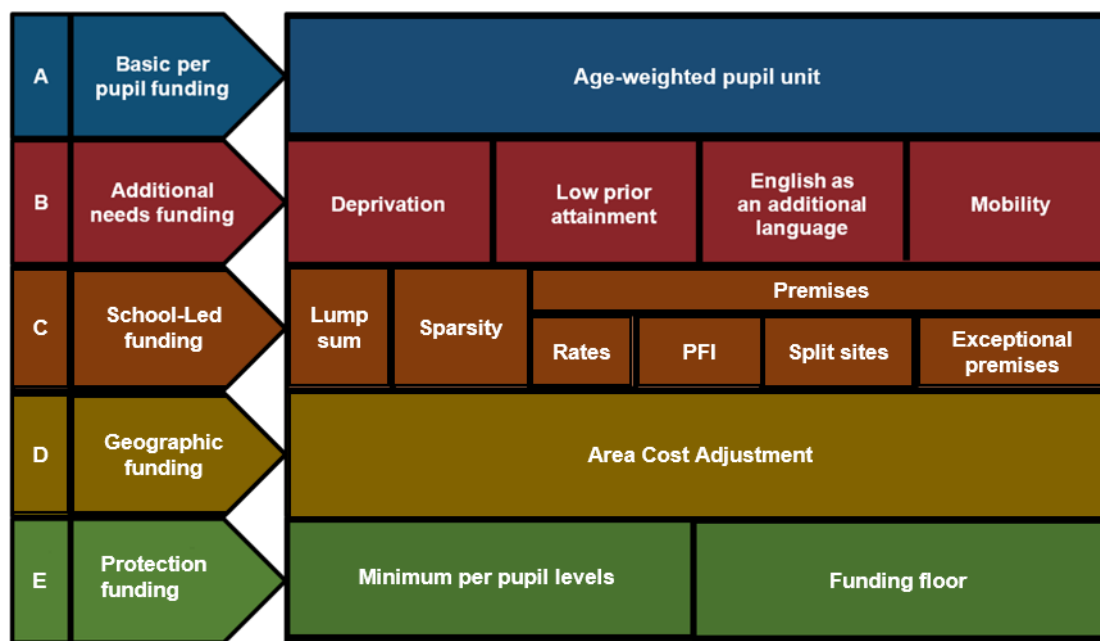
## Overall design of the formula

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

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

## Figure 2 - Current NFF Funding Factors

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



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

Pupils attract funding for all the factors for which they are eligible. So, a pupil currently eligible for FSM attracts the amount provided through the FSM factor as well as the amount through the FSM Ever 6 factor. This also applies for children with any combination of multiple additional needs. That is not intended to imply that all such funding should be dedicated to the pupil who attracts it. An individual child who attracts deprivation funding, for example, may need more, or less support than the sum that they attract in the NFF. Rather, these additional needs factors are predominantly 'proxy' factors, using the overall incidence of particular pupil characteristics to identify how much additional funding a school is likely to need, in total.

'School-led' funding is allocated through various factors according to a school's characteristics. All schools attract a lump sum of £117,800. Small and remote schools attract additional support through the sparsity factor. Other school-led funding reflects costs associated with a school's premises and overheads through four separate factors: rates, split sites, private finance initiative (PFI) and exceptional circumstances.

An area cost adjustment (ACA) is applied as a multiplier to formula allocations to reflect higher costs in some parts of the countries, due to differences in salary costs.

Finally, the formula offers two different forms of protections for schools:

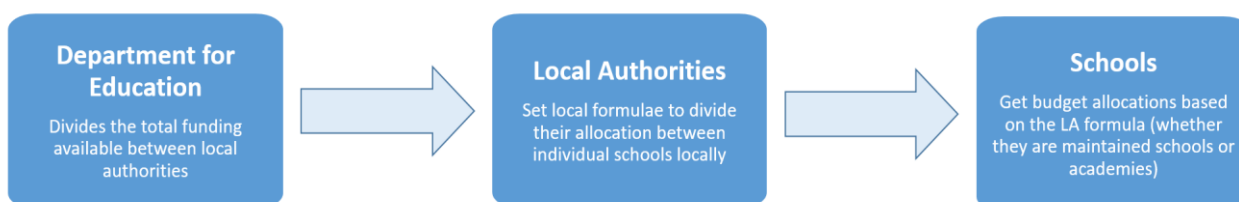
- The minimum per pupil level (MPPL) guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the MPPL receives a top up to the minimum levels.
- The funding floor protects schools from year-on-year funding decreases, by ensuring a minimum increase in pupil-led funding per pupil compared to the previous year.

## The NFF as a ‘soft’ funding formula and the role of local authorities

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

The following diagram illustrates this soft formula system.

**Figure 3 – Diagram of the current funding allocation system**



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

## From NFF school-level allocations to local authority funding

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

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

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

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

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

## **Pupil led factors**

### **Basic per pupil funding**

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

### **Additional needs factors**

#### **Deprivation**

The NFF allocates 8.8% of all its funding to deprived pupils. Pupil deprivation is based on three deprivation measures – current Free School Meal (FSM) eligibility, FSM eligibility at any time in the last 6 years (‘FSM6’), and the level of deprivation in the

postcode where the pupil lives, which is measured using the Income Deprivation Affecting Children Index (IDACI). LAs must have at least one deprivation factor in their local formulae, but can choose from within the basket of factors below.

- o FSM

Schools attract £460 for all primary and secondary pupils who are eligible for free school meals. This funding is broadly intended to cover the cost of providing free meals for each eligible pupil.

A pupil is eligible for FSM if they meet the criteria set out here [Free school meals: guidance for schools and local authorities](#).

- o FSM6

All pupils who are recorded as eligible for free school meals, or who have been at any point in the last six years, attract funding through the 'FSM6' factor. Schools attract £575 for each primary pupil and £840 for each secondary pupil eligible for FSM6 funding.

- o IDACI

The NFF allocates 3.9% of its funding to pupils eligible for IDACI funding. This funding is based on the IDACI 2019 area-based index measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into seven bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A-F, with more funding directed to pupils in the more deprived bands<sup>20</sup>.

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<sup>20</sup> The boundaries of these bands are based on the proportions of LSOAs (small areas) in each band and are defined by rank.

The IDACI bands are set out in the table below.

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Proportion of LSOAs in each band	2.5%	5%	5%	5%	10%	10%	62.5%
Primary unit value	£620	£475	£445	£410	£260	£215	£0
Secondary unit value	£865	£680	£630	£580	£415	£310	£0

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

### **Low Prior Attainment**

We are allocating 6.9% of the NFF in respect to pupils with low prior attainment (LPA).

Primary school pupils who have not achieved the expected level of development in the Early Years Foundation Stage Profile assessment (EYFSP) and secondary pupils who have not achieved the expected standard in Key Stage 2 at either reading, writing or maths attract £1,095 and £1,660<sup>21</sup> respectively<sup>22</sup>. This is an optional factor in LA formulae.

### **English as an additional language**

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

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

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



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

## **Mobility**

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

The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.

Pupils are classed as mobile if they joined the school at a 'non typical' date within the last three years. Schools attract £900 for eligible primary pupils, and £1,290 for eligible secondary pupils, above a threshold of 6% of the schools' pupil numbers (that is where more than 6% of a school's pupil are classified as mobile). This is an optional factor in LA formulae.

## **School-led factors**

### **Lump Sum**

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

### **Sparsity funding**

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

Eligibility for sparsity funding depends on the distance the pupils in the school would have to travel to their next nearest school and the average number of pupils per year group.

A school is eligible for sparsity funding if:

- a. For all the pupils for whom it is the nearest 'compatible' school<sup>23</sup>, the average distance from the pupils' homes to the second nearest compatible school is more than three miles (for secondary schools) or two miles (for all other schools).

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<sup>23</sup> A compatible school means one of the relevant phases which a pupil could attend. Selective grammar schools are not considered when identifying the second nearest compatible school, but faith schools are included.

- b. The average year group size is below the appropriate year group threshold. This threshold is 21.4 for primary schools, 69.2 for middle schools, 120 for secondary schools and 62.5 for all-through schools.

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

## **Premises**

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

- o Rates

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

- o PFI

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

- o Split Sites

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

- o Exceptional Circumstances

The exceptional circumstances factor is included in the formula so that where local authorities have had approval from ESFA to direct additional funding to a small number of schools with significant additional premises costs, this is taken into account when determining their funding. Local authorities receive funding for this factor on the basis of their spend in the previous year. This is an optional factor in LA formulae.

## Growth funding

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

The growth factor distributes funding based on the actual growth that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the most recent October pupil census, and the census in the previous October.

The growth fund can only be used to:

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

## Area Cost Adjustment

The area cost adjustment (ACA) reflects variations in labour market costs across the country by taking into account the general labour market trends and the particular salary variations in the teaching workforce.

It is a combination of:

- a. A teacher pay cost adjustment, to reflect the differences in the basic pay ranges between the four regional pay bands for teachers and
- b. A general labour market (GLM) cost adjustment, to reflect geographical variation in wage costs for non-teaching staff.

The NFF's ACA is calculated for each local authority by:

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

Nationally the ACA ranges between 1.00 and 1.18. For some schools, how much their allocation is adjusted depends on the local district area in which the school is located. Some local authorities – in 'London Fringe' areas – contain both districts that receive an ACA, and districts that do not. Whether schools in these local authorities receive an uplift will depend on their specific location.

## Protective elements of the NFF

### Minimum per pupil levels

The minimum per pupil level (MPPL) guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the MPPL receives a top up to the minimum levels.

The MPPL varies from school to school depending on the year groups they have. The unit values per year group are £4,180 for primary year groups, £5,215 for KS3 and £5,715 for KS4.<sup>24</sup> Each school's MPPL is calculated as a weighted average of the number of year groups they have.

This means that the minimum per pupil level is £4,180 for primary schools, and £5,415 for secondary schools with year groups 7 to 11. And for middle schools and all-through schools, an MPPL is set based on the specific year groups that they educate.

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

### The funding floor

The funding floor ensures that a school's funding is protected year on year, and that all schools attract a minimum uplift to their pupil-led per pupil funding even where the core formula factors indicate that their funding would be lower.

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

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

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<sup>24</sup> These funding levels includes £180 for primary year groups and £265 for secondary year groups added to the grant in 2021-22 to reflect the rolling in of the pay and pensions grant into the NFF.

## Annex B: Proposed changes to schools forum responsibilities

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

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

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

# Annex C: Equalities Impact Assessment

## The Public Sector Equality Duty

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

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

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

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
  - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
  - tackle prejudice, and
  - promote understanding.



## Consideration of the protected characteristics identified in the Equality Act 2010

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

This consultation document sets out proposals to move to a 'hard' NFF, in which all individual schools' funding allocations are set by the national formula without substantive further local adjustment. Therefore, our expectation is that the hard NFF will create a fairer and more consistent distribution of funding that is more closely aligned to need, and is essential to support opportunity for all children, irrespective of their background, ability, need, or where in the country they live. This funding system does

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

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

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

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

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

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

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

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



Department  
for Education

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Wiltshire Council

School Funding Working Group: 27<sup>th</sup> September 2021

Schools Forum: 7<sup>th</sup> October 2021

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## Changes to Sparsity Funding 2022-23 – Government Consultation Response

### Purpose of report

1. To outline the Governments response to the '*Schools National Funding Formula: Changes to sparsity funding from 2022-23*' and the changes which have been implemented into the NFF sparsity factor from 2022-23.
2. This report is presented purely to bring the latest government led changes to the attention of members of the Schools' Forum rather than for consultation. All funding decisions relating to the 2022-23 year will be taken later this year, following the announcement of the 2022-23 funding settlement.

### Background

3. The Department for Education (DfE) held a consultation on proposed changes to the NFF Sparsity funding factor for the 2022-23 year, between March and April 2021. As part of the consultation, views were sought on proposals to improve the funding system which supports small schools in rural areas.
4. The outcome of the consultation along with the proposals which will be implemented for the 2022-23 year were published July 2021. A total of 618 responses to the consultations were received. Stakeholders in Wiltshire were particularly notable for their responses, with Wiltshire responses comprising 7% of the overall total number of responses submitted.
5. The proposals that were consulted upon were:
  - a. Measure sparsity distances by **road** journeys rather than as the **crow flies**, to better identify schools' remoteness.
  - b. Retain the same distance thresholds of 3miles or 2miles
  - c. Increase the maximum amount that schools can attract through the sparsity factor by £10,000 to
    - i. £55,000 for primary schools
    - ii. £80,000 for all other schools
6. The consultation indicated that if the proposals were implemented, then in 2022-23, approximately 900 more small schools would be eligible for sparsity funding, simply by using road distances rather than crow flies' distances. This would increase the total funding through sparsity from £42m in 2021-22 to £95m in 2022-23, which represents 0.2% of the total schools funding, nationally.

## The Wiltshire Position

7. Wiltshire Council and schools, governing bodies and other stakeholders responded to the consultation to express their opinions.
8. Historically, due to the inequities that exist within the Sparsity funding, support has never been strong for this particular funding factor. In the 2021-22 funding year, the DfE had increased the maximum amounts that schools could attract through the sparsity factor to £45,000 and £70,000 for primary and secondary schools.
9. Schools Forum agreed that for the 2021-22 year, the funding would be increased by 3%, in line with other funding factors and therefore the maximum funding was set at £26,780 and £69,525 for primary and secondary schools respectively.

## Post-consultation – Sparsity Funding

10. The key findings from the consultation were.
  - a. 97% of respondents agreed that sparsity funding should be allocated to a greater number of schools
  - b. 95% of respondents agreed that sparsity distances should be measured by 'road' distance rather than 'crow flies' distance
  - c. 60% of respondents agreeing to maintain the distance thresholds of 2miles and 3miles respectively for primary and secondary schools
  - d. 50% of respondents supporting a £10,000 increase to sparsity factor values
11. As a result of the consultation, the Department for Education will implement the following changes into the schools National Funding Formula (NFF) sparsity factor from 2022-23.
  - a. To calculate schools' sparsity distances by 'road' journeys rather than the 'crow flies' methodology
  - b. To increase the maximum amount of sparsity funding that schools can attract through the NFF to £55,000 for primary and £80,000 for secondary schools
12. In addition to the consultation responses, the DfE are to introduce a '**distance threshold taper**'. This means that schools that are marginally below the main distance thresholds of 2 or 3 miles can now attract some funding through the sparsity factor but tapered to mean that they would receive less funding than if their sparsity distances were at or above the main thresholds.
13. The 'distance threshold taper' has been set at 20% below the main distance thresholds, making it 1.6 miles for primary and 2.4 miles for secondary schools. In essence, a primary school with a sparsity distance between 1.6 and 2 miles (and met the other sparsity criteria) would now be allocated some sparsity funding.
14. These changes will now result in over 2,500 schools receiving sparsity funding nationally, 1,300 more than in 2021-22. Of these, 500 schools will attract funding as a result of the new distance threshold taper.

## Sparsity – 2022-23

15. The sparsity factor is designed to support schools that are both small and remote. The sparsity distance for each school is calculated using individual pupil postcodes information and the average road distance to the next nearest compatible school.
16. The amount allocated to schools depends upon the sparsity distances and the size of the school, with the range of funding set out below.

Factor	Unit value
Sparsity funding for primary schools	£0 - £55,000
Sparsity funding for secondary, middle and all-through schools	£0 - £80,000

17. A school is eligible for sparsity funding where the school's sparsity distance is above the tapered distance threshold and the school is considered small. For primary schools, less than 150 pupils or average year group size of 21.4 pupils. For secondary schools, less than 600 pupils, or average year group size of 120 pupils.

School phase	Main distance threshold	Tapered distance threshold
Primary, middle, and all-through schools	2 miles	1.6 miles
Secondary schools	3 miles	2.4 miles

Phase	Main year group threshold (average number of pupils)	Tapered year group threshold (average number of pupils)
Primary	10.70	21.40
Secondary	60.00	120.00

18. Schools which are both equal to or above the **main distance threshold** and equal to or below the **main year group threshold** would be entitled to receive the maximum sparsity unit values.
19. Where a school is between either or both of the main and tapered thresholds, a sparsity weighting would apply.
20. The Sparsity Weighting is applied to all eligible schools and sets the proportion of the maximum sparsity value that each school is allocated. There are two stages to the sparsity weighting.
- A year group size weighting to taper the proportion of the sparsity unit funding based upon the school's average year group size. The tapering depends upon how close the average year group size is to the '**main year group threshold**'.
  - A distance weighting. This tapers the proportion of the sparsity unit value according to how close to the '**main distance threshold**', the school's sparsity distance is.

### ***Year Group Size Weighting***

21. Where a school has an average year group size with an average less than or equal to the **'main year group threshold'**, their weighting will be 100% and the school would receive the maximum sparsity funding, as long as their sparsity distance is greater than or equal to the **'main distance threshold'**.
22. The tapering applies a straight-line methodology such that a sparse school with an average year group size half-way between the tapered and main thresholds and with a sparsity distance greater than or equal to the main distance threshold, would attract half of the maximum sparsity funding.

### ***Distance Weighting***

23. The distance weighting for schools with a distance greater than or equal to the **'main distance threshold'** is 100%. These schools would receive sparsity funding equal to the maximum sparsity unit value multiplied by the calculated year-group weighting, as described in paragraphs 21 & 22 above.
24. The distance weighting is also calculated and tapered on a straight-line basis for schools between the **'main distance threshold'** and the **'tapered distance threshold'**. For example, a sparse primary school with a sparsity distance of 1.8miles would receive a sparsity distance weighting of 50%.

### ***Final Sparsity Calculation***

25. The final sparsity funding amount allocated for each school would be calculated as per the example below for a primary school:

Maximum Sparsity funding for a Primary School	x	Year Group Weighting	x	Distance Weighting
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- Primary School with 112 pupils on roll and 7 year groups
- School's sparsity distance is 1.9miles

#### Step 1

Year Group Calculation	$112 / 7 = 16$ pupils	$1 - (16\text{pupils} - 10.7 \text{ pupils}) / 10.7\text{pupils} = \mathbf{0.5}$
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#### Step 2

Distance Calculation	1.9 miles	$1 - (2\text{miles} - 1.9\text{miles}) / (2\text{miles} - 1.6\text{miles}) = \mathbf{0.75}$
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#### Step 3

Sparsity Calculation	$\mathbf{\pounds 55,000 \times 0.5 \times 0.75}$	$\mathbf{= \pounds 20,625}$
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## Decisions and Modelling for Schools Forum for 2022-23

26. The DfE have provided LA's and Schools Forums with information to help with modelling the impact of the post-consultation changes to sparsity funding. The data for the modelling is based upon the historic October 2020 census.
27. The DfE will provide funding to the LA using their new methodology outlined above, through the NFF. Therefore, the LA will receive funding to be able to fund schools using the NFF criteria.
28. Within the school funding options, for how the LA and Schools Forum choose to fund schools, the DfE provide three options.
- 'Fixed'** – each eligible school would receive the maximum sparsity funding without any reduction for the year group size (size of school) but reduced if the distance threshold is between 1.6miles and 2 miles.
  - 'NFF'** – applies all of the distance and year group size tapering as outlined in the DfE's consultation response above and accords with the level of funding to be received from the DfE.
  - 'Tapered'** – this was the previous version of the DfE's tapering which only took account of year group sizes and not distance thresholds. This tapering applied funding on the same straight-line basis but would not take account of the distance weighting thresholds of 1.6miles or 2.4miles for primary and secondary schools.
29. Analysis has been carried out using the October 2020 census data to quantify the impact of each of these options. In all cases, the maximum sparsity funding level of £55,000 and £80,000 has been applied respectively for primary and secondary schools.

	<b><u>Fixed</u></b>	<b><u>NFF</u></b>	<b><u>Tapered</u></b>
Number of eligible Primary schools	50	50	50
Number of eligible Secondary schools	3	3	3
<b>Total number of eligible schools</b>	<b>53</b>	<b>53</b>	<b>53</b>
Total Primary Sparsity Funding	£2,163,688	£1,596,365	£867,658
Total Secondary Sparsity Funding	£169,131	£121,073	£60,537
<b>Total Sparsity Funding</b>	<b>£2,332,819</b>	<b>£1,717,438</b>	<b>£928,195</b>
Lowest Funding - Primary	£1,038 (1)	£931 (1)	£466 (1)
Highest Funded – Primary	£55,000 (28)	£55,000 (8)	£43,251(10)
<b>Average Funding - Primary</b>	<b>£43,274</b>	<b>£31,927</b>	<b>£17,353</b>
Lowest Funding - Secondary	£9,131 (1)	£6,940	£3,470
Highest Funded – Secondary	£80,000 (2)	£70,933	£35,467
<b>Average Funding - Secondary</b>	<b>£56,377</b>	<b>£40,358</b>	<b>£20,179</b>

30. The number of eligible schools within each funding bracket are highlighted in the table below to enable the spread of sparsity funding to be viewed.

Funding Amount	Eligible Schools		
	Fixed	NFF	Tapered
<b>PRIMARY</b>			
£0-£1000	0	1	3
£1000-£5000	1	4	6
£5000-£10000	1	4	5
£10000-£15000	3	4	6
£15000-£20000	1	1	9
£20000-£25000	2	5	6
£25000-£30000	2	1	10
£30000-£35000	5	7	3
£35000-£40000	4	6	1
£40000-£45000	2	2	1
£45000-£50000	1	2	0
£50000-£55000	28	13	0
	<b>50</b>	<b>50</b>	<b>50</b>
<b>SECONDARY</b>			
£1000-£5000	1	0	1
£5000-£10000	0	1	0
£20000-£25000	0	0	1
£35000-£40000	0	0	1
£40000-£45000	0	1	0
£70000-£75000	0	1	0
£75000-£80000	2	0	0
	<b>3</b>	<b>3</b>	<b>3</b>

31. The DfE have confirmed their sparsity funding proposals, funding LA's on the basis of the post-consultation NFF methodology. The funding to be received by Wiltshire would enable schools to be funded using both the 'NFF' or 'Tapered' methodologies. However, the funding would be insufficient to afford to fund schools using the 'Fixed' methodology. If the 'Fixed' methodology was selected for funding sparsity, this would require funding to be taken from the funding of other factors within the formula.

32. Schools Forum will be required, as part of its funding decisions later this year, to confirm the preferred methodology for funding sparsity, including the maximum sparsity funding values. When funding moves to the 'hard' formula, schools will be funded using the proposed NFF methodology set out above.

## Proposal

33. Schools Forum is asked to note the content of this report.

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## Wiltshire Council

### Schools Forum Finance & SEN Working Group 27<sup>th</sup> September 2021

### Schools Forum 7<sup>th</sup> October 2021

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#### **Annual Schools Consultation**

- *Delegation of Central Expenditure 2022-23*
- *Transfer of funding from Schools Block to High Needs Block 2022-23*

#### **Purpose of report**

1. To brief Schools Forum and agree a set of questions to be sent out to all schools in October 2021.

#### **Background - De-Delegation of Central Expenditure**

2. In order to give schools greater choice over how to spend their budgets, Local Authorities are required to work on the basis that services within the notional Dedicated Schools Grant (DSG) Schools Block, and the funding for them, should be delegated to schools in the first instance. This means that a number of DSG funded budgets that have previously been retained centrally must now be delegated to schools. There are a number of exceptions to this and there are also a number of budgets that maintained primary and/or secondary schools can agree to de-delegate so that they continue to be provided centrally.
3. De-delegation cannot be applied to amounts delegated to academies or to special schools. Delegation or de-delegation cannot be agreed on an individual school basis for maintained schools but can be agreed by phase so a different outcome can be agreed for primary and secondary schools. Approval for de-delegation is by the relevant phase members of Schools Forum following responses to this consultation.
4. A consultation document will be sent out to all maintained schools in the middle of October to seek views on the delegation of central budgets. The budgets/services being consulted on are as follows:
  - Free School Meal Eligibility Service
  - Licences (Access Budget Planning)
  - Trade Union Facilities costs
  - Maternity costs
  - Ethnic Minority Achievement Service
  - Travellers Education Service
  - Behaviour Support Service

5. There are a number of outcomes that could flow from the proposals to delegate the budgets. These include:
  - a. Following consultation, maintained schools agree that budgets should be de-delegated and retained centrally by the LA with services provided to all maintained schools;
  - b. Schools agree that budgets should be delegated, and schools make/purchase their own provision as appropriate;
  - c. Schools agree that budgets should be delegated, and they then cluster together to purchase or deliver services.
6. Under scenario (a) the LA would be able to retain a level of service to provide to maintained schools, gaining from the economies of scale through this arrangement. The size of the service may need to be scaled back over time as the number of academies increases.
7. Under scenarios b and c the LA would not be able to continue to deliver a service unless there is sufficient buy back on a traded basis from schools (maintained or academy) to enable retention of sufficient staff. This will be difficult to predict, and the LA will need to decide whether it can afford to continue to deliver services centrally on a fully traded basis with full cost recovery. This would require a risk assessment.
8. **Appendix 1** to this report lists the consultation questions.

## Background – Transfer of Schools Block to High Needs Block 2022-23

9. Schools Forum will recall a transfer of 0.5% of School Funding was agreed to contribute to the High Needs Block recovery plan in the 2021-22 financial year.
10. The Update of Schools Revenue Funding for 2022-23 outlines the recent announcements regarding significant national increases in Schools Funding and funding for High Needs.

	<b>20/21 National Increase</b>	<b>21/22 National Increase</b>	<b>22/23 National Increase</b>	<b>TOTAL</b>	<b>Notes</b>
<b>Schools Funding</b>	£2.6bn	£4.8bn	£7.1bn	£14.5bn	5-16 schools
<b>High Needs Block</b>	£700m	£730m	£780m	£2,210m	Actual allocations due Dec 21

11. The HNB overspend for 2018/19 was £4.8m, 2019-20 was £9.1m and 2020-21 was £11.507m which correlates to the continuing rise in request for new Education and Health Care Plans (EHCPs) and banding / funding increases. At the end of the last financial year the DSG reserve held an £18.717m deficit.
12. Although the deficit is supported by a recovery plan, this is a long-term programme of change. The requirement for significant additional funding at national level is clear and acknowledged by the DfE.
13. The forecast position for 2021-22 is subject to another report but shows a significant overspend once again and should this come to fruition the DSG deficit reserve will be even greater which is becoming unsustainable for the local authority to cashflow.
14. For this reason, it is recommended that we seek views of all schools on the questions in **Appendix 2** which covers a range of options ranging from transferring funding from Schools Block.

### Proposals

15. That Schools Forum decide on the consultation questions for maintained schools around delegation/de-delegation of budgets for central services within the schools' block. Appendix 1.
16. That Schools Forum decide on the consultation questions for all schools around setting the 2022/23 Schools Budget. Appendix 2.

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## Appendix 1 – De-Delegation Questions

<b>DfE Heading</b>	<b>Wiltshire Budget</b>	<b>Delegate?</b>	<b>Retain Centrally?</b>
Free school meals eligibility	Free School Meals Eligibility Service		
Licences/subscriptions	HCSS Licence		
Staff costs – supply cover	Trade Union Duties		
	Maternity Costs		
Support for minority ethnic pupils and underachieving groups	Ethnic Minority Achievement Service (EMAS)		
	Traveller Education Service		
Behaviour support services	Primary Behaviour Support Service		

## Appendix 2 –2022-23 Schools Consultation:

### Background

- *The High Needs block overspent by £4.8m in 2018/19, by a further £9.1m in 2019/20 and by £11.5m in 2020/21 with a further forecast to overspend in 2021/22.*
- *There is an £18.7m deficit DSG reserve on the Council’s balance sheet – the forecast 21/22 overspend will increase this deficit further.*
- *EHCPs have been increasing by an average of over 11% annually mirroring the national level, before taking into account any impact from Covid.*
- *The LA is working with schools and settings and is taking actions to address the level of overspend. Many of these actions require a partnership approach and require planning and change management in order to achieve long term success.*

*The DSG is ringfenced and therefore to manage this overspend, it is suggested an amount is transferred from the Schools Block to the High Needs Block as in the previous three years.*

**Q1 a) Taking the factors above into account, do you support a transfer of funding from the School Block to the High Needs Block?**

<b>Yes</b>	
<b>No</b>	

**b) If you support a transfer, please indicate the amount:**

<b>Value to Transfer</b>	<b>£/Pupil</b>	<b>Please select</b>
£0.0m (0.0%)	£0.00 / pupil	
£0.5m (0.15.8%)	£7.79 / pupil	
£1.0m (0.31.6%)	£15.58 / pupil	
£1.58m (0.5%)	£24.63 / pupil	

**c) No transfer of funding from the Schools Block to the High Needs Block for 2022-23. This decision is on the understanding that devolved budgets to schools including top-up and Named Pupil Allowance (NPA) funding levels would have to be reduced to help towards balancing the High Needs Block budget?**

<b>Agree to transfer funds</b>	
<b>Agree NOT to transfer funds</b>	

**d) Would you prefer to see a hybrid of the above with a transfer from Schools Block to top up the High Needs requirements of pupils in school together with reduced values of devolved funding for vulnerable pupils e.g. named pupil allowances and top ups?**

<b>Yes</b>	
<b>No</b>	

**2) If you do not agree to the transfer of funds or the reduction of top-up funding levels, how else do you suggest that we fill the funding gap that we have for High Needs?**

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