



Havering
LONDON BOROUGH

Schools Funding Forum 23rd September 2021 ITEM 12

Subject Heading:

**The National Funding Formula
Consultation**

Report Author:

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Eligibility to vote:

All school and academy members

SUMMARY

This report examines the Government Consultation document 'Fair school funding for all: completing our reforms to the National Funding Formula', the likely impact of the proposals on primary and secondary schools and academies in Havering, and considers responses to the questions it contains.

RECOMMENDATIONS

To consider and respond to the consultation

REPORT DETAIL

On 8th July 2021 the DfE launched the consultation document 'Fair school funding for all: completing our reforms to the National Funding Formula'. The deadline for consultation responses is 30th September 2021.

The full consultation document can be found on-line at:

https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

Some sections of the consultation document contain proposals that will not impact on Havering schools, for example funding for split site schools. Extracts from the consultation document, covering those areas most pertinent to Havering schools, are included in **Appendix A**.

Responses to the consultation are submitted on-line at:

<https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/>

Introduction

The National Funding Formula (NFF) was introduced in 2018-19 in order to make the school funding system fairer and to move away from a funding system driven by historic funding levels rather than current need. The introduction of the NFF meant that funding was allocated between local areas by reference to need.

Since its introduction the NFF has been a 'soft' formula. The DfE calculates funding allocations for individual schools based on particular characteristics. These individual allocations are then aggregated for each LA.

The LA, following consultation with the Schools Funding Forum and schools, then determines the final funding allocations through a local formula which it sets. The DfE has set parameters within which local formulae operate but LAs have had discretion about the amount of funding put towards each factor. Havering adopted the National Funding Formula rates from the outset. Since the introduction, the majority of LAs have moved towards the NFF.

The Government's intention has always been to move to a funding system in which all individual schools' funding allocations are set directly by the national formula without substantive further local adjustment. This was termed a 'hard' NFF.

The move to a hard NFF is intended to insure that the funding system better fulfils the following principles:

- Fair
- Simple and Transparent
- Efficient and Predictable

A hard NFF would mean that a multi academy trust with schools located in different LAs would no longer have schools being funded on different bases.

The consultation sets out proposals on how to move towards a hard NFF. It sets out 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.

A hard NFF is a significant change requiring careful implementation to avoid unexpected disruption. The DfE does not, at this stage, intend to set a fixed date by which a hard NFF will be fully in place. Instead LAs local formulae will be moved progressively closer towards the NFF. The consultation includes proposals on how, and how quickly, LA formulae could move to a hard NFF, as well as proposals on the eventual completion of the reforms.

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. The Area Cost Adjustment (ACA), that reflects the payment of London Weighting at different levels, will also continue.

This consultation concerns funding of mainstream schools from Year R to Year 11 only. There will be a separate consultation on funding for High Needs, Special Schools and alternative provision following proposals in the long awaited SEND review.

The consultation does not consider funding that is not determined by the NFF, such as Pupil Premium and grants to support schools' recovery provision as a result of the pandemic.

The consultation does not consider funding for Early Years.

The consultation document

The scope of the directly applied NFF

Here the DfE outlines the case for moving to a hard NFF in which all individual schools' funding allocations are set by the national funding formula with all elements of funding distributed through that hard NFF.

Havering adopted the NFF rates when they were first introduced in 2018-19 and has continued to use the rates in subsequent years. A move to a hard NFF would, therefore, have no direct impact on the formula funding received by Havering schools. Such a move, however, would rule out the possibility of moving away from NFF rates in the future.

Developing the schools NFF to support the directly applied NFF

This section of the consultation looks at three premises factors, PFI, exceptional circumstances and split site, that do not apply to any school in Havering and are unlikely to apply at any time in the future.

Growth and falling rolls funding

Currently the allocation of funding for growth and falling rolls is determined locally by LAs in consultation with the schools' funding forums. The DfE believe that if the principles of fairness, efficiency and predictability, and simplicity and transparency are to be applied to this funding, then it needs to be allocated on a consistent basis across all eligible schools.

The move to a national formula for growth and falling rolls will impact on the funding received by some Havering schools. In the case of case of funding for falling rolls this impact could be significant.

LAs receive a sum to fund growth and falling rolls within the DSG. Since 2019-20 this funding has been allocated to LAs by means of a formula. The sum delivered by the formula has not been sufficient to maintain the funding methodology used in Havering to support schools with growth or falling rolls. With the agreement of the

Schools Forum, funding has been top-sliced from the Schools Block in order to continue funding at the same levels. For 2021-22 the sum transferred to growth and falling rolls was £550k. Under the DfE proposals such transfers would not take place.

Funding for growth would be allocated by the DfE using standardised criteria and funding rates based on forecast pupil numbers collected from local authorities and academy trusts. Funding would be incorporated into the schools' core NFF allocations. Funding would be subject to an adjustment process to prevent additional funding being allocated where growth did not appear as forecast. This would involve an additional data collection point beyond the publication of the NFF each year. The schools' core NFF allocations, that has already been published, would be adjusted.

Funding for falling rolls would be available where it can be evidenced that the capacity is needed in the next three years. Local authorities would be required to inform the DfE which schools are likely to see a significant decrease to their number on roll in the current year and provide data to demonstrate that the spare capacity is likely to be needed in future.

Funding would not be provided in the first year of a decrease as protection is already provided by the lag in funding; funding is calculated using numbers from the previous October census. For LA maintained schools the lagged protection only exists for seven months, from September to March.

Funding would only be available to Good or Outstanding schools. As with growth, funding rates would be standardised and factored into core NFF allocations.

No reference is made in the consultation document to funding for bulge classes that do not fill, or to pledges that may have been made to schools when they agreed to take additional pupils.

Next steps for the transition to the directly applied NFF for schools

This section of the consultation looks at the time period over which a move to the Hard NFF might occur. As Havering is already using the NFF factors and NFF rates this has no direct bearing on Havering schools.

It is possible, however, that where a local authority is not using NFF rates, or where a large proportion of schools are in receipt of MFG as a result of previously high funding levels, that local authority is attracting more funding for its schools than would otherwise be the case. If the DfE has a finite sum to allocate, this could result in the NFF funding rates being lower than would otherwise be the case. This would suggest that a short period of transition, or indeed no period of transition, would benefit schools in LAs that have already adopted the NFF in full.

The EAL factor

The DfE is proposing that in future schools would be funded using the EAL3 measure in which pupils that attract funding are recorded on the census as having entered state education in England in the last three years. Havering already uses the EAL3 measure, so the dropping of EAL1 and EAL2 would have no impact.

Central School Services

Services delivered centrally by LAs and academy trusts fall into three broad categories

- Local authorities' ongoing responsibilities for all schools. These are funded through the ongoing responsibilities element of the Central Schools Services Block (CSSB)
- De-delegated central functions for schools currently funded by de-delegation or by a top-slice in MATs.
- Optional traded services

The DfE intend to review which services sit best within each category. It is possible that this could result in a reduced number of services remaining with the LA and a reduced CSSB. In these circumstances the DfE would consider whether funding for these services should become part of the Local Government Finance Settlement.

CSSB historic commitments

As discussed in agenda Item 8, this funding, used in Havering for School Partnerships and Schools Supporting Schools, has been reducing by 20% each year. The DfE intend that it is removed completely by the time a hard NFF is introduced. A legacy grant would be created for unavoidable legacy payments that some LAs are tied to. This would not cover the usage of funding made by Havering.

Local and national decision making

Once a hard NFF is fully implemented, some of the schools forums' powers and responsibilities will no longer apply, the role in being consulted on the funding formula being the most obvious.

Although the role of school forums would change the DfE expects that this kind of representative group will continue to play an important part in local decision making and stakeholder engagement. Annex B of the DfE consultation document summarises which of the schools forums' function will no longer apply and which will be maintained.

A consistent financial year

LA maintained schools are funded on an April – March financial year whilst academies are funded on the September – August academic year. The DfE are seeking to gauge whether there is an appetite for moving LA maintained schools funding to an academic year basis.

Maintained schools would still be expected to account for their funding, however, on a financial year basis. This would mean, in each financial year, accounting for the last 7 months' funding from one academic cycle and the first 5 months' funding from the next.

Proposed response to the consultation

Following discussion at the meeting, the LA is proposing to submit a response on behalf of the Schools Funding Forum. This does not, of course, preclude the possibility of separate submissions from the schools represented.

Provisional responses to the individual questions contained in the consultation are included at Appendix B.



Department
for Education

Extracts from:

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

For the contents of this section please refer to the consultation document on-line at:

https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

2. About this consultation

For the contents of this section please refer to the consultation document on-line at:

https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

3. Completing the NFF reforms

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

3.1 The scope of the directly applied NFF

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

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

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

- **Fairness** – each mainstream school funded on a consistent basis, to reflect their needs and circumstances.
- **Simplicity and transparency** – every individual mainstream school's funding calculated through a single national formula transparent to all in the system.

- **Efficient and predictable** – a single national formula through which funding is matched to relative need, creating greater predictability in funding and ensuring resources are distributed and used across the system as efficiently as possible.

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

The large majority of the current NFF is distributed at the national level on the basis of the pupils within a school – in 2021-22, 75% through a basic per-pupil entitlement and 17% through factors to reflect pupils' additional needs (indicated by measures of deprivation, low prior attainment, English as an additional language and pupil mobility). This latter group of factors mostly act as proxies¹⁰ for the extra costs that schools are likely to face in delivering the education of pupils with additional needs, including, in particular, SEND.

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

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

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

In line with the discussion above of pupil-led factors, we believe that the best way to

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

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

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

For the contents of this section please refer to the consultation document on-line at:

https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

Premises: PFI

There are no schools in Havering funding through this factor

Premises: Exceptional Circumstances

There are no schools in Havering funding through this factor

Premises: Split Sites

There are no schools in Havering funding through this factor

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

3.3 Growth and falling rolls funding

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

The lagged funding system

Schools' core allocations in any given year are based on the number of pupils that they had on roll at the previous autumn census – this is known as the lagged funding system.

This means that maintained schools could educate a different number of pupils from the number that they are funded for, across seven months of the financial year (September to March), and academies for twelve months (September to August).¹¹

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

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

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

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

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

At present, funding is allocated to local authorities through the NFF's growth factor¹³, which local authorities are expected to distribute to schools that are growing to meet basic need. Basic need is additional demand for school places due to population growth or net migration.

The current arrangements have led to the adoption of a wide range of different local criteria to allocate growth funding and a variety of different amounts being paid out by different local authorities. This can mean that schools facing similar levels of pupil growth can be allocated very different levels of funding depending on where they are located. It also means that funding allocated to local authorities through the NFF's

growth factor is not necessarily passed on in full for this purpose. Moving to a hard NFF allows a new, consistent and fair approach to growth funding.

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

For the contents of this section please refer to the consultation document on-line at:

https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

Havering schools have been funded at the NFF rates since 2018-19

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?

LAs are currently given additional flexibilities 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 this flexibility should be removed from 2023-24 – so that all LAs would need to use the NFF’s ‘EAL3’ measure.

Havering already uses the EAL3 measure.

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?

Havering does not have any schools that qualify for the sparsity factor.

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

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

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

4.1 MATs' pooling of their funding

In 2013, MATs were granted the ability to pool General Annual Grant (GAG) funding. Pooling of GAG is defined¹⁵ as 'the freedom to amalgamate a proportion of GAG funding for (all of a MAT's) academies to form one central fund'. This allows a Trust to pool some of the funding provided for all of the pupils for which it is responsible and distribute it between its constituent academies.

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

Whilst we consider that the benefits of MAT pooling for the system as a whole are clear, it is important to note that this freedom is specifically linked to the structure, and responsibility that academy trusts have – with each trust representing a unified governance structure sitting across each of its constituent academies and playing a key role in delivering the department's school improvement strategy. This is not true for other participants in the sector such as LAs (which do not have an equivalent unified governance structure sitting across their schools, nor the role that academy trusts have in turning around inadequate schools). We do not, therefore, see a role for any equivalent to MAT pooling in other part of the education system. The government's long term ambition is that all schools should ultimately be part of strong academy trusts.

4.2 Central school services

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

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

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

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

Ongoing central school services

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

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

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

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

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

Funding for historic commitments under a direct NFF

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

The expectation in 2013 was that the spend on these commitments would reduce over time as commitments and contracts expired but some of these are taking longer to unwind than expected. Therefore from 2020-21, we have started to reduce the funding for historic commitments by 20% on the previous year's allocation and have continued the reduction at the same rate subsequently¹⁷. These reductions are in line with our reforms to move to a fairer funding system, as we do not believe it is fair to maintain significant differences in funding indefinitely which reflect decisions made by some LAs a decade or more ago.

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

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

4.3 Supporting effective SEND provision

For the contents of this section please refer to the consultation document on-line at:

https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

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)

For the contents of this section please refer to the consultation document on-line at:

https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

Annex B: Proposed changes to schools forum responsibilities

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

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

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

Annex C: Equalities Impact Assessment

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 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

DfE Consultation:

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

Proposed responses

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?

YES

No opportunity is provided for comment

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

As the areas under consideration do not impact on any school in Havering we do not wish to comment.

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

NO

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

We feel that the methodology for determining funding for growth and falling roll is best determined locally by LAs, in consultation with school forums. The drivers behind changes in roll will vary between LA areas and local knowledge is required, for example about housing developments and the housing market.

The consultation document does not give details of how funding for falling rolls will be calculated, or for how long that may be paid to a school that has experienced a dip in roll in a single year group, or two successive year groups. Where a school admits below capacity in a year group, these low numbers are likely to remain until the year group leaves Year 6 or Year 11. The reduced numbers may be large enough to have a significant impact on funding but not large enough to allow a school to restructure classes or the timetable. For example in the case of a primary school with a PAN of 60 that admits only 40. We feel in these circumstances protection should continue until that year group leaves the school.

The DfE intends that funding for falling rolls is dependent on the LA or Trust being able to demonstrate that the places will be needed in future. This implies a degree of subjectivity in determining which schools receive funding, with the risk that funding goes to those most skilled at completing the return and not those in most need.

Delays in housing development or re-development, frequently result in fewer pupils being admitted than when places were planned. A school may have been asked to increase its PAN, restructured classes or the timetable accordingly, but then finds the pupils do not arrive. Adjusting funding for anticipated growth in the light of actual numbers would unfairly penalise these schools.

No reference is made to bulge classes. Additional places may be required in an area, but the class created may not fill to 30. Schools will be reluctant to create bulge classes unless they are guaranteed additional funding should this arise. Difficulty in creating bulge classes may force local authorities to operate with greater spare capacity in their schools in order to avoid the risk of being unable to place pupils in a year when numbers are unexpectedly high in a particular area.

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?

YES

No opportunity is provided for comment

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?

YES

No opportunity is provided for comment

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?

NO

Since the introduction of NFF in 2018-19 the DfE has clearly signaled its intention to move to a hard NFF at some stage in the future. Indeed the move is happening later than originally envisaged. By 2023-24 LAs, working with their school forums, will have had five years in which to phase the introduction of NFF funding rates. We feel that if schools are protected by the MFG the move to a hard NFF should be swift, if not immediate. The open ended nature of move is likely to create greater uncertainty for schools about future funding levels.

It is possible that where a local authority is not using NFF rates, or where a large proportion of schools are in receipt of MFG as a result of previously high funding levels, that local authority is attracting more funding for its schools than would otherwise be the case. If the DfE has a finite sum to allocate, and continues to fund some LAs at a higher level, this could result in NFF funding rates, for every school, being lower than necessary. As a historically poorly funded LA we would welcome a quicker move to full adoption of NFF rates.

Having made the case that a hard NFF provides the fairest method of allocation, it is difficult to see why a protracted move to a hard NFF is being proposed.

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?

The adoption of NFF rates should pose few problems for schools in LAs already very close to the NFF. We would, therefore, like to see these LAs required to move closer to NFF, or required to adopt NFF rates in full, at an early stage.

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?

YES

No opportunity is provided for comment

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

NO RESPONSE

No schools in Havering are in receipt of sparsity funding, or are ever likely to be, so it seems most appropriate to offer no response

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?

We do not welcome the proposal that funding for central schools services moves to LGFS. The DSG is intended to provide funding for schools and this should include funding for central schools services. Any sum included in the LGFS is likely to prove difficult to identify and is unlikely to be ring-fenced. This could put funding at risk if expenditure on central schools services have to compete with the other Council expenditure met from LGFS.

With regard to the national copyright licence, an option not explored in the

consultation, which should be, is whether this licence could be taken out of the equation altogether, as with business rates. LAs have to report the licence cost as a memo item and there is an administrative task required in reclaiming VAT.

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

NO RESPONSE

The historic element of the CSSB in Havering is not given for this purpose

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?

STRINGLY DISAGREE

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

We believe that a funding cycle that is different from a financial reporting cycle would significantly add to the complexity of budget setting and budget monitoring with schools effectively having to create two budgets, monitor two budgets and undertake closure of accounts procedures twice. This would add significantly to the administrative workload in schools. It would create difficulties for LAs in monitoring school budgets, measuring progress towards financial recovery where a school is in deficit, and in ensuring that schools do not have excess balances.

It seems likely that in future schools would be required to report outturn figures on the funding year to the DfE and the financial year to the LA. Academies, where the financial year runs September to August, are required to submit two returns annually to the EFSA detailing income and expenditure to 31 March, even though neither their funding year nor accounting year operate to that date.

A move to a September – August year would provide additional lagged protection for schools with reducing rolls. It is to be hoped, however, that the differential lag is something that the DfE will take into account when determining funding for falling rolls. Conversely, the change would adversely affect school budgets in respect of annual pay awards and rising prices. At present, for example, in any funding year, schools are paying teachers' salaries for five months at pre September pay award levels.

Question 15: Please provide any information that you consider we should

take into account in assessing the equalities impact of the proposals for change.

Revisions to the funding of high needs are likely to have greater equalities impact.

The proposals for funding falling rolls may disadvantage schools, and therefore pupils, living in areas under regeneration. These are frequently economically disadvantaged areas.

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

Whilst we welcome many of the individual proposals contained in the consultation we are concerned that it represents a significant centralisation of decision making. The role of the schools forum is greatly reduced. The LA rarely make decisions on school funding without consultation with the School Forum. The Schools Forum, as currently constituted, provides schools and academies with an effective role in the decision making process in the key area of school funding.