

AGENDA ITEM xx

**REPORT TO
SCHOOLS FORUM**

5 OCTOBER 2021

DFE UPDATES AND CONSULTATIONS UPDATE REPORT

SUMMARY

The paper provides an overview of a number of recent consultations undertaken by the Department for Education (DfE).

RECOMMENDATION

1. It is recommended that Schools Forum notes the report.

BACKGROUND

1. In the June Forum details of the consultation on the Review of National Funding Formula for 2022-23 allocations of high needs funding to local authorities was presented. This report will provide details on the governments initial response to this consultation.
2. In July 2021 the DfE published a consultation document entitled 'Fair school funding for all: completing our reforms to the National Funding Formula'. This consultation outlines the DfE's plan to start moving to a school level national funding formula from 2023/24.

SUMMARY OF THE PROPOSALS

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

3. On 8th February 2021, DfE launched a consultation that formed the first stage of the high needs national funding formula (NFF) review. In this they asked six questions covering:
 - How we use historic levels of local authority expenditure in the funding formula
 - Attainment data used in the funding formula
 - Proxy factors for special educational needs and disabilities (SEND) and alternative provision (AP).
4. The government's initial response to the consultation briefly sets out the consultation proposals plus responses, providing a question by-question analysis and the decisions made, taking into account these responses. This initial consultation analysis, and government response, focuses on the changes which DfE are taking forward for the high needs NFF in 2022-23.

5. A copy of the initial responses can be found in Annex C of the national funding formulae for schools and high needs document and is available online:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003492/2022-23_NFF_Policy_Document.pdf
6. The key outcomes from the consultation include:
 - DfE have decided to move forwards with this proposal to update the historic spend factor from planned spend in 2017-18 to actual spend in 2017- 18 for the 2022-23 high needs NFF and beyond. This change will ensure the historic spend factor is a better representation of past spending levels when compared to the planned spending amounts that we had to use in the initial years of the formula.
 - With regards to the question on “Do you think that we should increase the percentage of actual expenditure in 2017- 18 included in the funding formula calculation, or leave it at 50%” there was no clear consensus in the responses, and no clear advantage in either an increase or a decrease in the percentage, DfE have opted to keep the historic spend factor at 50% for the 2022-23 high needs NFF.
 - With regards to finding an alternative to the historic spend factor the range of views expressed and suggestions made in this consultation, DfE have decided to consider further what options are available and consult again in the next stage of our high needs NFF review. Their longer term ambition is to remove the historic spend factor from the formula.
 - With regards to the question Do you agree with our proposal to update the low attainment factors using data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data? DfE have decided to substitute the most recent 2019 data in place of the missing 2020 attainment data.

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

7. The DfE launched its most recent consultation on the move to a hard NFF for mainstream schools which was open from 8 July to 30 September 2021.
8. 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.
9. 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.
10. The LA, following consultation with the Schools 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.
11. 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.

Below is the link to the consultation document.

[Fair school funding for all: completing our reforms to the National Funding Formula \(education.gov.uk\)](https://www.education.gov.uk/government/consultations/fair-school-funding-for-all-completing-our-reforms-to-the-national-funding-formula)

12. Much of the document is at the level of broad principles with solutions to practical issues postponed to future consultations, such as.
 - the timetable for changes from 2023/24;
 - how non generic funding factors such as those related to premises (split site allowance, joint use, PFI) would be incorporated;
 - how and whether there would be any ability to move funds from mainstream school budgets to high needs (i.e. the equivalent to the 0.5% of schools block transfers currently allowed). On page 42 of the document declares that "transfers from the schools block to other funding blocks (such as high needs) will no longer be possible under a hard NFF" but on page 40 says that "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".
 - the future of central school 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." (p36)
13. It also floats the idea of moving maintained schools financial year to September to August – obviously this would align it with the school year but move it out of line with local authorities (and government generally) financial year.
14. 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
15. The Councils responses to the individual questions contained in the consultation are included at **Appendix A**.

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