

**CITY OF WESTMINSTER**  
**SCHOOLS' FORUM 6<sup>TH</sup> JUNE 2022**  
**REPORT BY LEAD STRATEGIC FINANCE MANAGER – BI BOROUGH**  
**CHILDREN'S SERVICES**

**OUTCOME OF DfE NATIONAL FUNDING FORMULA CONSULTATION AND**  
**2023/24 SCHOOL FUNDING FORMULA OPTIONS PROPOSED FOR**  
**CONSULTATION**

This report covers the outcome of the DfE National Funding Formula (NFF) consultation. Revised principles for agreeing the school formula funding for calculating 2023/24 school budgets are recommended. Options to go forward for consultation with primary and secondary headteacher groups are included for consideration by the Schools Forum.

**FOR DECISION**

## **1. INTRODUCTION**

- 1.1 The ESFA provides pre-16 funding for schools to local authorities via the DSG. Funding is distributed to schools in the City of Westminster through a locally agreed funding formula.
- 1.2 Schools' Forum (1st November 2021) considered three options regarding the review of the schools block funding formula which is used to allocate funds to all schools. The option which moved a further 25% towards the National Formula Funding (NFF) factor values for all factors, with +1% per pupil Minimum Funding Guarantee (MFG) and the AWPU as the balancing figure was agreed.
- 1.3 The DfE published their response to their Schools National Funding Formula (NFF) consultation at the end of March 2022. As expected this confirms the ambition that all mainstream schools funding will be via the NFF rather than the current local formula allocations. There is no deadline for the complete move to the NFF and for 2023/24 local school funding formulas are required to move 10% closer to the NFF factor values.
- 1.4 As part of the process for agreeing the school funding formula for 2023/24 Schools Forum are asked to agree on the three options to go forward for consultation with primary and secondary headteacher groups in September / October 2022.

## 2. OUTCOME OF DFE NATIONAL FUNDING FORMULA CONSULTATION AND SCHOOLS BUDGET 2023/24

- 2.1 The Department for Education (DfE) published its response to the Completing our reforms of the National Funding Formula (NFF) consultation at the end of March 2022. The response confirms the Government's long-standing ambition that all mainstream schools funding would be allocated based on a single national formula, replacing the current system where local authorities (LAs) allocate funding. Currently there is no fixed target date by which the hard NFF will be fully in place. Instead there will be a transition moving LAs' local formulae progressively closer towards the NFF, providing opportunity to consider the impact of each step before making the next move. Through the completion of these reforms, school funding allocations through the NFF will no longer be subject to substantial local adjustment.
- 2.2 The consultation response confirms that the DfE will:
- bring forward legislation to move to allocate funding directly through a single direct national funding formula (NFF)
  - implement a gradual approach to the transition to the direct NFF and require LAs, to move their factor values at least 10% closer to the NFF in 2023/24
  - The approach to the transition in subsequent years will depend on the impact in the first year
  - continue the separate funding cycles for maintained schools and academies
  - introduce new transparency requirements for MAT pooling
  - review services funding through the ongoing responsibilities element of the central school services block (CSSB) while continuing with a legacy grant for unavoidable historic commitment costs.
  - consult further on the direct NFF, focussing on the approach to growing schools, falling rolls, and premises funding (including split site funding) including some options which would allow a degree of local flexibility, in spring 2022
- 2.3 LAs will continue to set local funding formula in 2023/24, within the DfE parameters set out above. The intention of the NFF is to level up the school funding system so that all schools across the country are funded on a comparable basis.
- 2.4 Local Minimum Funding Guarantee (MFG) protections will remain in place for 2023/24, which in 2022/23 was required to be between +0.5% and +2.00% per pupil compared to per pupil funding in 2020/21. This will limit the impact of funding changes in the options modelled.
- 2.5 Westminster is mentioned specifically in the response ' For example, in the 2021-22 funding allocations, the amount of additional funding a secondary pupil with English as an additional language attracts to their school ranges from £200 in the East Riding of Yorkshire to over £3,200 in Westminster – and nothing at all, in St Helens.

### **3. PRINCIPLES FOR AGREEING THE SCHOOL FUNDING FORMULA FOR 2023/24**

3.1 The following principles were agreed by Schools' Forum in March 2021.

3.1.1 With the expected introduction of the 'hard' NFF, from 2023/24 at the earliest, to move further towards the NFF factor values. Having a clear direction of travel towards the NFF will help provide budget clarity for three year school budget planning.

3.1.2 Consistency and fairness - Pupils with the same characteristics are funded the same amount of money (in line with the NFF principles).

3.1.3 Aim to provide stability while not increasing the MFG significantly as this may expose schools to risk when the NFF is consulted on and introduced.

3.2 The following revisions are suggested as a result of the DfE requirements regarding the move to the hard NFF

3.2.1 To move further towards the NFF factor values, as a minimum at the level required by the DfE. Having a clear direction of travel towards the NFF will help provide budget clarity for three year school budget planning. (replacing 3.1.1)

3.2.2 Consistency and fairness - Pupils with the same characteristics are funded the same amount of money (in line with the NFF principles). (unchanged from 3.1.2)

3.2.3 Aim to provide stability while not increasing the MFG significantly as this may indicate that the lower levels of funding via the NFF factors are appropriate and do not expose schools to risk when the hard NFF is fully introduced.

### **4. FUNDING FORMULA OPTIONS FOR CONSIDERATION**

4.1 In accordance with the DfE requirements the WCC school funding formula is required to move at least 10% further towards the NFF factor values. The key consideration for the Schools' Forum is, whether to move towards the NFF at the same gradual rate as the DfE requirements as a faster pace of change would mean a greater degree of turbulence for school budgets in the transitional years. The following are proposed as options to be considered for consultation with headteacher groups. The MFG which limits the movement of funds between schools under the different options is included as the balancing item in all the options. All options modelled are based on the 2022/23 total funding allocated and October 2021 data such as pupil numbers.

Option	Description	Comments	
For info	2022/23 school budgets allocated via the WCC formula which moved 25% further towards the NFF factor values with the AWPU as the balancing figure. £0.725m MFG +1%	<b>For information and comparison</b> Highest primary per pupil funding £7,469 Lowest per pupil funding £5,322 Range between those £2,147	<b>For information and comparison</b> Highest secondary per pupil funding £8,309 Lowest per pupil funding £7,279 Range between those £1,030
1	Move a further 10% towards the NFF factor values for all factors, which is the minimum move required by the DfE, with MFG as balancing figure £1.033m MFG +1.25%	Highest primary per pupil funding £7,485 Lowest per pupil funding £5,319 Range between those £2,166	Highest secondary per pupil funding £8,255 Lowest per pupil funding £7,263 Range between those £993
2	Move a further 15% towards the NFF factor values for all factors with MFG as balancing figure £0.947m MFG +1.18%	Highest primary per pupil funding £7,480 Lowest per pupil funding £5,318 Range between those £2,163	Highest secondary per pupil funding £8,256 Lowest per pupil funding £7,257 Range between those £999
3	Use NFF factor values with the MFG at 1% £2.205m MFG	This option is not recommended for consultation due to the size of the MFG	
For info	2022/23 notional NFF allocations from DfE – not an option as roll numbers are not correct and the total allocation is £1.523m above the schools block available for distribution.		

4.2 Appendix A shows the 3 options separately with allocations for each school, with comparisons to the 2022/23 final budgets. The notional 2022/23 NFF allocations, published by the ESFA, are also shown and have different pupil numbers and total more than the total Schools Budget available. The allocations shown are after the application of the MFG. The per pupil values include the amounts for lump sums and premises factors (Business Rates and Split sites) and are consistent with previous Schools Forum analysis.

4.3 Appendix B shows the values that would apply to the formula factors for the three options.

## 5. ESTIMATED IMPACT OF LOWER RECEPTION INTAKE

5.1 As stated above the options are all modelled on 2022/23 funding and data as this enables comparisons with the 2022/23 budget allocations. As noted in the ISOS update paper the projected surplus capacity for reception in September 2022 is currently 29.2%. Primary schools pupil led funding would reduce on average by £6,900 (including the school supplementary grant) for each pupil reduction. The reductions in primary pupil numbers, while not finalised, will increase financial viability risks.

## 6. NEXT STEPS FOR AGREEING THE SCHOOL FUNDING FORMULA FOR 2023/24

	<b>Description</b>	<b>Timing</b>	<b>Comments</b>
1.	Inform headteacher groups of the options and seek their views on the options, being clear that headteachers views will inform the Schools' Forum decision making.	September / October 2022	Options presented will include the benefits and disbenefits of each option.
2.	Forum paper to include feedback from headteachers groups and include recommended option. Options discussed by Forum as well as feedback from primary and secondary headteachers groups. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2022 Schools Forum	Headteachers preferred options may not be agreed by Schools Forum.  If a consensus is not reached the Forum members will vote on the recommended option taking account of the views expressed during the consultation.
4.	Schools Forum recommend funding for falling rolls, growth, de-delegation items such as school structuring costs, trade union cover costs and the total school budget to be allocated to schools.	January 2022 Schools Forum	
5.	The final funding formula option selected at the November 2022 Schools Forum will be updated based on information provided by the ESFA in December 2022 re October 2022 roll numbers and pupil characteristics	January 2023	These budgets can be used for initial preparation of three year budget plans

	for free school meals, low prior attainment etc and estimated NNDR. This will provide the estimated final school budgets for 2023/24		
6.	Schools issued with final budgets	February 2023	Once DfE agree school budget tool submitted

## 7. RECOMMENDATIONS

7.1 Schools' Forum is recommended to:

- 7.1.1 agree the updated principles for agreeing the schools funding formula for 2023/24 budgets (paragraph 3.2);
- 7.1.2 agree the options to go forward for consultation with primary and secondary headteacher groups in September / October 2022 (section 4): and
- 7.1.3 note the next steps for agreeing the schools funding formula for 2023/24 budgets (section 6).

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### Background papers:

ESFA – Operational Guidance 2022/23

[Schools operational guide: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/108122/schools-operational-guide-2022-to-2023.pdf)

Completing the reforms to the National Funding Formula. Government consultation response

[Completing the reforms to the National Funding Formula - government consultation response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/108122/completing-the-reforms-to-the-national-funding-formula-government-consultation-response.pdf)

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