



## **Schools Forum**

Date: Monday, 20 September 2021  
Time: 4.00 pm  
Venue: Virtual meeting conducted over Zoom

Everyone is welcome to attend this meeting. A separate invite will be sent to Forum Members.

## **Membership of the Schools Forum**

**Secondary Sector Headteachers (1)** Gillian Houghton

**Primary Sector Headteachers (4)** Mike Cooke, Hatim Kapacee, Saeeda Ishaq, Gavin Shortall

**Primary Sector Governors (4)** Tony Daly, Michael Flanagan, Philip Geldard, Lolita Hall

**Special School Headteachers (1)** Alan Braven

**Special School Governor (1)** Walid Omara

**Academy Representative (7)** Joseph Brownridge, Helen Child, Andy Park, Emma Merva, Joshua Rowe, Michael Carson, Edward Vitalis

**Pupil Referral Unit Representative (1)** Andrew Burton

**Nursery School Representative (1)** Joanne Fenton

**Non-School Members (6)** Councillor Reid, Cath Baggaley, John Morgan, Jenny Smillie, Jimmy Buckley, Antonio de Paola

**Special School Headteachers (1)** Alan Braven

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**Academy Representative (7)** Joseph Brownridge, Helen Child, Andy Park, Emma Merva, Joshua Rowe, Michael Carson, Edward Vitalis

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**Non-School Members (6)** Councillor Reid, Cath Baggaley, John Morgan, Jenny Smillie, Jimmy Buckley, Antonio de Paola

## Agenda

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- 1. Urgent Business**  
To consider any items which the Chair has agreed to have submitted as urgent
- 2. Appeals**  
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda
- 3. Minutes** 5 - 10  
To agree as a correct record the minutes of the meeting held on 12 July 2021.
- 4. Schools Funding Settlement** 11 - 18  
The report of the Directorate Finance Lead – Children and Schools is enclosed.
- 5. National Funding Formulae (NFF) Consultation** 19 - 46  
The report of the Directorate Finance Lead – Children and Schools is enclosed.

## Information about the Forum

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Schools are represented on the Forum by headteachers and school governors, elected to reflect all categories of school. In Manchester; there are non-school representatives from the teacher associations; additional non-voting places are reserved for invited elected members and representatives of other interested bodies.

The Forum members work together to provide a clear consensus of professional advice to education decision-makers, to achieve a transparent deployment of available resources. The Forum provides a formal channel of communication between the Council and schools for consultation concerning the funding of schools, and aims to agree recommendations which present the best possible compromise between competing claims on limited resources; has strategic oversight of ALL funding decisions affecting schools, and is involved in annual consultation in respect of the Council's functions relating to the schools budget in connection with the following:

- pupils with SEN (Special Educational Needs)
- early years
- revisions to the Council's scheme for the financing of schools
- administration of central government grants to schools including Standards Funds
- arrangements for free school meals

The Forum must be consulted on any proposed changes to the Council's school funding formula, and the financial effects of any proposed changes.

Smoking is not allowed in Council buildings.

Joanne Roney OBE  
Chief Executive  
Level 3, Town Hall Extension,  
Albert Square,  
Manchester, M60 2LA

## Further Information

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For help, advice and information about this meeting please contact:

Reena Kohli  
Tel: 0161 234 4235  
Email: [r.kohli@manchester.gov.uk](mailto:r.kohli@manchester.gov.uk)

This agenda was issued on **Wednesday, 15 September 2021** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA

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## **Manchester Schools Forum**

### **Minutes of the meeting held on 12 July 2021**

**Present:** Alan Braven, Andy Park, Gillian Houghton, Helen Child, Jo Fenton, Joshua Rowe, Michael Carson Tony Daly, Walid Omara, Gavin Shortall, Mike Cooke, Andrew Burton, Lolita Hall

**Also Present:** Councillor Reid

**Apologies:** Councillor Bridges (Portfolio holder) Hatim Kapacee, Michael Flanagan, Jimmy Buckley, John Morgan and Cath Baggaley

#### **SF/21/09      Minutes**

The minutes of the meeting held on 22 March 2021 were submitted for consideration as a correct record. The Chair of the Forum highlighted that Andrew Burton had incorrectly been referred to as 'Alan' Burton in those minutes.

#### **Decision**

To agree the minutes of the meeting held on 22 March 2021 as a correct record, subject to the amendment above.

#### **SF/21/10      Dedicated Schools Grant (DSG) and School Balances 2020/21 – Outturn Report**

The Forum considered a report of the Directorate Finance Lead – Children and Schools which presented the outturn position on school balances as at 31 March 2021 and the final outturn position on the Dedicated Schools Grant (DSG) including the centrally retained DSG.

It was explained that Local Authorities no longer require Schools Forum to approve the carry forward to 2021/22 of any DSG deficit balances following the outcome of the DSG consultation in January 2020. The Forum was therefore invited to note and comment on the maintained school balances and the DSG cumulative deficit balance to be carried forward into 2021/22 which was reported as £2.26m.

The 2020/21 DSG allocation after recoupment for academies and high needs was reported as £320.64m, £300.12m of which had been delegated to schools, £18.69m had been retained centrally by the Council and £1.83m earmarked towards the DSG recovery plan. There had been additional high needs funding in 2021/22 of £11.46m, £9.96m of which had been allocated to meet demands in growth, and £1.50m planned for use towards mitigating the DSG deficit. The projected DSG cumulative deficit 2021/22 as at period 2 was £2.06m. Recovery was still expected by 2022/23.

The provisional outturn position for maintained schools was reported as an overall surplus of £20.62m. This was an increase of £5.80m in the total balances held compared to 2019/20, 49% of which was for schools within the primary sector; 35% being from the special schools sector. Primary sector balances had increased by

£2.81m, £2.36m of which was attributed to 15 schools where balances had increased by more than £100k. The report stated that the majority of the £2.05m increase in the special schools sector was attributable to 6 special schools.

Forum members were provided with an overview of maintained schools' total balances broken down by surplus and deficit balances. There had been no significant change in the actual number of schools in surplus and deficit, although there had been a small movement across the sectors. Schools' deficit balances had reduced by £1m since last financial year, due to movement within the special and secondary sector. Individual school revenue and capital balances were also provided.

The 2020/21 outturn position for the overall retained schools DSG budget was reported as an underspend of **£0.82m**, the cumulative DSG position is an overspend of **£2.26m**. The Forum was invited to note that the reduction in the cumulative DSG deficit which had previously been projected as £4.24m. The main reason for the reduction was cited lower than expected jointly funded placements with Health and Social Care and the resolution of an Early Years funding issue as a result of a temporary change to the funding methodology for 2020/21 due to the impact of the pandemic on attendance and school censuses.

A member asked about support from the Local Authority for those school in the list marked as in deficit. The Directorate Finance Lead - Children and Schools advised that following the City Treasurer's approval for the DSG Recovery Plan, no financial assistance could be offered however, advice and support for schools (including HR support) would be available.

## Decisions

1. To note maintained school balances as at 2020/21
2. To note the Dedicated Schools Grant cumulative deficit balance of £2.26m to be carried forward in 2021/22
3. To note that Local Authorities no longer require Schools Forum to approve Dedicated Schools Grant deficit balances being carried forward to 2021/22, following the outcome of the DSG consultation in January 2020.

## SF/21/11      **Analysis of Excessive Schools Balance Clawback 2021/22**

The Forum considered a report of the Directorate Finance Lead – Children Services and Education which discussed the outcome of the annual analysis of maintained schools in the city that have an excessive revenue balance. The report sought a decision by Maintained school representatives of the Forum on the use of recouped funds received via the mechanism with a proposal that those funds are used to address the current Dedicated School's Grant cumulative deficit of £2.26m. All Forum members were invited to comment. The report also included a request for volunteers from the Forum for the constitution of an Appeals Panel as part of the appeals process.

The report reiterated the circumstances in which a balance may be deemed excessive and subsequently recouped, with the right to appeal. There was reference to the decision taken last year not to action the recoupment of excessive balances in 2020/21 due to the unknown impact of COVID on schools at the time. The Forum was asked to note that the current position on Manchester maintained schools' excessive balances was an increase of £2.00m when compared to the previous year.

Forum members were provided with an overview of excessive balances across maintained schools sectors which demonstrated that the number of schools with excessive balances had increased by 51% (22 schools) compared to the last financial year. A list of schools with excessive balances greater than £100k was also provided. The list also provided information on schools that were in deficit.

The report discussed the collective level of committed spend across schools: some had outlined plans for parts of their allowable balance; a majority of the commitments (£2.20m) had been allocated to offset future year budget reductions from falling rolls. This was primarily in the primary sector. Other commitments were attributed to planned works (£1.67m primarily for buildings, grounds improvements and extensions); for planned asset purchases (£0.56m); as well as the carry forward of unspent grants (£0.86m).

A total of 18 schools had been identified as eligible for recoupment with collective excessive balance totalling £1.48m; £0.60m of that amount had been held for more than four years, resulting in total recoupment level of £304k to be actioned in July 2021.

The Forum discussed the underlying reasons for the excesses; including reduced reliance on supply teaching and later than expected funding allocations from the DfE in view of the impact of the global pandemic.

The Chair invited all maintained school representatives on the Forum to vote on whether to use the recouped funds to offset the DSG cumulative deficit balance £2.26m carried forward into 2021/22. Maintained School representatives of the Forum voted unanimously in favour of this proposal.

The Chair then invited volunteers for the composition of the Appeals Panel. The following members volunteered: Gillian Houghton, Michael Carson, Councillor Julie Reid and Alan Braven.

## **Decisions**

1. To agree that recouped funds arising from the clawback mechanism shall be used to offset the cumulative deficit balance of £2.26m carried forward into 2021/22
2. To agree that the composition of Appeals Panel for mechanism shall be: Gillian Houghton, Michael Carson, Councillor Julie Reid and Alan Braven.

## **SF/21/12      High Needs Block Overview**

The Forum received a presentation on the Dedicated Schools Grant budget for High Needs which summarised:

- The HNB budget for the 2021/22 financial year; its remit and categories of spend.
- An outline of strategic pressures and challenges this presents for the Authority and potential mitigation strategies
- Changes to special school funding over the last four financial years, including an overview of the growth in eligible pupil numbers to explain the per pupil increase in funding.
- A comparison of the ways in which special schools are funded across the North West.
- A summary of costs associated with independent pre-16 and post-16 placements to demonstrate the significance of reducing these placements where possible and support targeted funding elsewhere in the high needs system.
- A review of Department of Education 2019/20 benchmarking information for pupil and funding data which has been analysed against other Core Cities.
- The impact of tribunal decisions on the budget.
- Steps agreed to move forward to support better collaborative working between the Council and education providers.

The Forum discussed the growth of the cohort, the complexity of need and areas of particular pressure. Noting those challenges, including uncertainty around future funding allocations, the Forum acknowledged the need for prudent savings to ensure that funding is targeted to generate greater value for money, where possible, in particular for the cost of independent places. The Forum noted that Greater Manchester-wide activity was taking place with providers in order to build greater capacity in this particular area as part of the DfE Recovery Plan.

### **Decision**

To note the presentation.

## **SF 21/13      Forward Plan**

The Forum considered a report of the Directorate Finance Lead – Children and Schools which set out a scheduled programme of work and future meeting dates of for the Forum for the 2021/22 academic year.

### **Decision**

To note the scheduled Work Programme and agree the schedule of meeting dates as set out in the report .

## **SF/21/14      Any Other Business: National Funding Formula – Consultation**

The Directorate Finance Lead – Children and Schools gave the Forum an oral update on the forthcoming implementation of the National Funding Formula (NFF),



following recent communication with the Department for Education (DFE). Proposed changes to the way in which core funding allocations are calculated and the role of the Local Authority in respect of the Dedicated Schools Grant were outlined, with matter put out to consultation until 30 September 2021. Further information would be circulated to Headteachers and Governing bodies and a paper would be brought back to Forum members at its September 2021 meeting in order to consider draft responses to the consultation.

### **Decision**

1. To note the oral update on proposed changes to the National Funding Formula.
2. To note that the Local Authority's draft response to the consultation would be considered at its September 2021 meeting.

### **SF/21/15 Any Other Business: Retiring Forum member**

The Chair advised that Michael Flanagan had tendered his resignation to the Forum since he had also retired from his position of School Governor.

The Forum thanked Mr Flanagan for his valuable contributions and involvement in the Forum's work during his term of office.

### **Decision**

To thank Mr Flanagan for his valuable contribution to the work of the Forum during his term of office.

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**Manchester City Council****Report for Resolution****Report to:** **Schools Forum****Subject:** **Schools Funding Settlement 2022/23****Report of:** **Directorate Finance Lead – Children’s and Education**

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**Summary**

Included in this report is a summary of the recently announced provisional school funding settlement for 2022/23, it outlines the potential impact on Manchester. The settlement includes funding for pupil growth, inflation, and high needs funding.

**Recommendations**

School Forum members are asked to note and comment on:

- School funding settlement headlines.
- Potential impact on the Manchester. Local authorities have not yet received the confirmed settlement, and at this stage the estimates of grant increases are based on interpretation of recent announcements.

**Contact Officers:**

Name: Reena Kohli

Position: Directorate Lead Children and Families Finance

Telephone: 0161 234 4235

E-mail: [reena.kohli@manchester.gov.uk](mailto:reena.kohli@manchester.gov.uk)

Name: Anne Summerfield

Position: Principal Finance Lead - Schools

Telephone: 0161 234 1463

E-mail: [anne.summerfield@manchester.gov.uk](mailto:anne.summerfield@manchester.gov.uk)

Name: Nehal Ayub

Position: Senior Finance Manager - Schools

Telephone: 0161 234 1467

E-mail: [nehal.ayub@manchester.gov.uk](mailto:nehal.ayub@manchester.gov.uk)

Name: Samuel Russell

Position: Senior Finance Manager - Schools

Telephone: 0161 234 1464

E-mail: [samuel.russell@manchester.gov.uk](mailto:samuel.russell@manchester.gov.uk)

Name: Jamie Styman  
Position: Finance Manager Trainee - Schools  
Telephone: 0161 234 4791  
E-mail: [jamie.styman@manchester.gov.uk](mailto:jamie.styman@manchester.gov.uk)

**Background documents (available for public inspection):**

.None

## 1. INTRODUCTION

- 1.1 In mid-July 2021 the Department of Education (DfE) announced the provisional School Funding Settlement 2022/3. The allocations are notional. This report outlines the key headlines and potential impact of the provisional settlement for Manchester.

## 2. SCHOOL FUNDING SETTLEMENT (ENGLAND)

- 2.1 In mid-July 2021 the DfE announced the provisional School Funding Settlement 2022/23. The allocations are notional. True settlement figures are expected December this year, using pupil number data from the October 2021 census. Current allocation and estimated allocation based on recent announcements are provided in the table below.

Block	Schools	Central Schools Services	High Needs	Early Years
	£m			
2021/22	456.200	3.902	100.974	41.941
2022/23 (est)*	465.986	3.813	109.329	41.191
Difference	<b>9.786</b>	<b>(0.089)</b>	<b>8.355</b>	<b>0</b>

\*assuming schools block growth fund does not change in 2022/23.

### National key headlines - Schools Block 2022/23

- Increasing by 3.2% overall, and by 2.8% per pupil, compared with 2021/22, with the funding floor allocating at least 2% more in pupil-led funding per pupil.
- 2% increase in minimum per pupil funding levels directing further increases to the lowest funded schools.
- LAs will continue to set local funding formulae, DfE are setting no new requirements on LA formulae for 2022/23.

### National key headlines: Central Schools Services Block (CSSB)

- At a national level there will increase to £284m for the ongoing responsibilities that local authorities continue to have for all schools – a 2% per-pupil increase nationally.
- LAs will continue to be protected against losses of more than 2.5% in per-pupil funding for ongoing responsibilities.
- DfE will also continue to protect any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the long lead-in times required for such costs to unwind.

### National key headlines - High Needs Block (HNB)

- High needs funding is increasing by £780m, or 9.6%, in 2022 to 2023.
- This brings the total high needs budget to £8.9bn.

- In 2022/23 high needs NFF will continue to ensure that every local authority receives at least an 8% increase per head of population. The gains cap is set at 11% for 2022/23.
- DfE have made a technical change to the historic spend factor within the high needs national funding formula, following the consultation earlier this year. The factor has been updated to use 50% of local authorities' actual spend data in 2017 to 2018 rather than their planned spend

### National key headlines - Early Years Block (EYB)

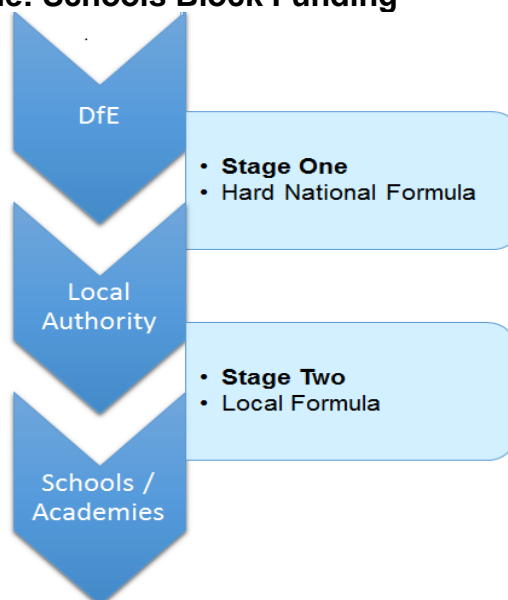
- Early Years provisional settlement was not included in the recent announcement.
- Manchester will receive the minimum per pupil increase of 2%, before taking account of changes in population this amounts to £9.7866m RPI higher ...

## 3. POTENTIAL IMPACT FOR MANCHESTER

### Primary and Secondary Schools Core Funding

- 3.1 DSG funding is provided in two stages. First stage is the government's grant to a local authority area, and then the local authority determines the grant distribution to the local educational establishments. There is a national funding formula (NFF) at local authority level, which was introduced in 2018/19.

### Illustration one: Schools Block Funding



- 3.2 Stage one - funding allocated to local authority areas from DfE. Funding is based on pupil characteristics, premises characteristics and pupil numbers. Alongside funding as per national formula, funding floor protection is provided if a minimum increase on a per pupil basis is not allocated through the funding formula.
- 3.3 In 2022/23 Manchester will receive the minimum per pupil increase, before taking account of changes in population this amounts to £9.7866m. Manchester

will see an increase in total cash terms due to changes in individual schools' pupil characteristics (Ever 6 Free School Meals, IDACI, Prior Attainment) or as a result of funding floor protection to ensure all schools' NFF allocations see a 2% increase compared to their 2021/22 baseline pupil-led funding per pupil. The NFF formula rates: 2021/22 and 2022/23 are provided in Appendix one of this report.

- 3.4 Stage two - The school formula allocation is the distribution of the grant received from the DfE across educational establishments in the local authority area. Manchester local formula factors are different to the national funding formula rates, please see Appendix one, showing the local formula factors compared to the NFF. At this stage, the change in the per pupil increase to Manchester schools is unknown and will depend on affordability when the settlement is received in December 2021. Also considering if Manchester move towards the National Funding Formula (NFF), this is considered in detailed in Agenda item 5: NFF Consultation. DfE in December.

### High Needs

- 3.5 Based on announcements above the City should receive an additional £8.355m before factoring in increases in the population
- 3.6 Local Authorities will receive an increase of at least 8% per head for 2 to 18-year-old population through the funding floor. This minimum increase in 2022/23 allocations will be based on local authorities' high needs allocations in 2021/22 including the additional £0.73 billion announced in December 2020. Above this minimum increase, the formula will allow local authorities to see increases of up to a limit of 11%, again calculated on the basis of per head of population. Based on this, it is estimated that Manchester's additional allocation will be in the range of circa £9m-£10m once growth is factored into the NFF.
- 3.7 DSG Recovery is still expected by 2022/23 however, Local authorities will continue to be able to transfer up to 0.5% from their schools' block funding, with agreement from their Schools Forum and schools to the high needs block. It is unlikely that a transfer will need to be undertaken at this stage, the Local authorities will keep under review. Please note a full consultation would be provided to Schools Forum, maintained and academy schools prior to any change.

### Early Years

#### Implications for Manchester:

- 3.9 The early years allocations for 2022/23 are expected to be published in December 2021, presumably on the initial estimate of the January 2021 census as in previous years, prior to the temporary change in mechanism in 2021/22. Details will be reported to School Forum once information is released from DfE.

- 3.10 In 2021/22, early years funding is being provided to local authorities based on termly census data. This is a temporary departure from the usual funding approach of basing allocations on January censuses, and was a direct response to issues related to low take up of free entitlement in the January census during the pandemic.

#### Central School Services Block (CSSB)

- 3.11 The CSSB funding covers responsibilities local authorities hold for all schools, such as admissions, school's forum, copyright licenses. Manchester's provisional 2022/23 CSSB allocation shows a reduction of £89k, once protection has been applied against the reduction in historical commitment. The £89k reduction for the ongoing responsibilities is a result of the maximum 2.5% reduction in the per pupil amount, from £44.21 to £43.10.

## **4. CONCLUSIONS AND RECOMMENDATIONS**

- 4.1 In total it is estimated before taking account of changes in pupil numbers and their characteristics Manchester should receive an additional **£18.052m** grant next year, which is mainly made up by a 2% uplift and £8m increase in the high needs block.

All School Forum members are asked to:

- Note school funding settlement headlines.
- Note that Manchester has yet not received the confirmed settlement, and at this stage, the estimates of grant increases are based on interpretation of recent announcements.



### Appendix One - Schools Block National and Local Formula Funding

		Manchester's Local Funding Formula	National Funding Formula	National Funding Formula	NFF Increase
		2021/22	2021/22	2022/23	21/22 to 22/23
Per Pupil Factors		£	£	£	£
Basic Entitlement	Primary	3,486	3,123	3,217	3.01%
	KS3	4,641	4,404	4,536	3.00%
	KS4	5,292	4,963	5,112	3.00%
FSM	Primary		460	470	2.17%
	Secondary		460	470	2.17%
FSM Ever 6	Primary	522	575	590	2.61%
	Secondary	501	840	865	2.98%
IDACI Primary	Band A	604	620	640	3.23%
	Band B	517	475	490	3.16%
	Band C	461	445	460	3.37%
	Band D	406	410	420	2.44%
	Band E	374	260	270	3.85%
	Band F	314	215	220	2.33%
IDACI Secondary	Band A	529	865	890	2.89%
	Band B	465	680	700	2.94%
	Band C	397	630	650	3.17%
	Band D	249	580	595	2.59%
	Band E	211	415	425	2.41%
	Band F	150	310	320	3.23%
EAL	Primary	403	550	565	2.73%
	Secondary	2,187	1,485	1,530	3.03%
Mobility	Primary	555	900	925	2.78%
	Secondary	1,581	1,290	1,330	3.10%
Prior Attainment	Primary	693	1,095	1,130	3.20%
	Secondary	2,968	1,660	1,710	3.01%
Minimum Funding Level	Primary		4,180	4,265	2.03%
	Secondary		5,415	5,525	2.03%
School-led factors		£	£		£
Lump Sum	Pri & Sec	155,000	117,800	121,300	2.97%
Funding Floor (per pupil)	Pri & Sec		2.00%	2.00%	0.00%

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**Manchester City Council****Report for Resolution****Report to:** **Schools Forum****Subject:** **National Funding Formula Consultation****Report of:** **Directorate Finance Lead – Children’s and Education**

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**Summary**

Included in this report is a summary outline of the recently published Department for Education consultation which seeks to develop a single national funding formula (NFF) system to direct funds to schools. Appendices provide further workings on the anticipated financial impact of the NFF, as well as Manchester’s draft response to the consultation.

**Recommendations**

School Forum members are asked to note and comment on:

- The proposals under the NFF consultation.
- Potential impact on Manchester.
- Manchester’s draft response to the consultation.

**Contact Officers:**

Name: Reena Kohli  
Position: Directorate Lead Children and Families Finance  
Telephone: 0161 234 4235  
E-mail: [reena.kohli@manchester.gov.uk](mailto:reena.kohli@manchester.gov.uk)

Name: Anne Summerfield  
Position: Principal Finance Lead - Schools  
Telephone: 0161 234 1463  
E-mail: [anne.summerfield@manchester.gov.uk](mailto:anne.summerfield@manchester.gov.uk)

Name: Nehal Ayub  
Position: Senior Finance Manager - Schools  
Telephone: 0161 234 1467  
E-mail: [nehal.ayub@manchester.gov.uk](mailto:nehal.ayub@manchester.gov.uk)

**Background documents (available for public inspection):**

None.

## 1. INTRODUCTION

- 1.1 Currently DSG (Dedicated School Grant) is allocated to Local Authorities on a national formula basis. Once the grant is received, local authorities calculate funding for schools based on different factors in their local formulae to reflect additional needs in schools' allocations.
- 1.2 In July 2021, the Department for Education launched a consultation which seeks to develop a funding system whereby DfE (Department for Education) directly funds schools. Plans to move local formulae "progressively closer" to a national funding formula (NFF) direct to schools start 2023/24. The DfE has made it clear that it does not plan to set a "fixed target date by which the direct NFF will be fully in place".
- 1.3 The consultation outlines a plan that would involve requiring Local Authority to bring each of its local formula factors "at least 10% closer to the NFF factor value", compared with 2022/23. After an initial 10% movement closer to the NFF in 2023/24, and subject to the impact of this movement, the DfE aim to move at least 15% to the NFF in 2024/25 and at least 20% in 2025/26. Schools will continue to be protected from cash-term losses in their per-pupil funding by the Minimum Funding Guarantees (MFGs) within local formulae.

## 2. CONSULTATION PROPOSAL

- 2.1 The Local Authority has undertaken a modelling exercise in order to better understand the potential financial implications of a move to the NFF, whether it be gradual or immediate. **Appendix One** provides a more detailed overview of the consultation and the models analysed by the authority. The deadline for a response is the 30th of September 2021.
- 2.2 Other key elements from the consultation document are summarised below:
  - **Growth and Falling Rolls** - funding is required in most areas due to the budget being set under a lagged funding system. The DfE plan to replace different local criteria to allocate growth funding, with a more formulaic approach.
  - **Central Schools Services Block (CSSB)** - the Local Authority receives £3.9m for responsibilities that LAs (local authorities) have for both academies and maintained schools. The DfE plan to 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
  - **Local Decision Making** - consultation seeks views as to whether local authorities should still have a role in the way funding is allocated through their own local formulae.
  - **Academic Years vs Financial Year** - currently maintained schools are funded on a financial year basis and academies on an academic year basis. The DfE have asked a question as to whether maintained schools funding is aligned to the way academies are funded.

- **SEND (Special Education Needs and Disabilities)** - the initial portion of special education needs funding in primary or secondary schools is met from the school's initial budget. The funding which all schools receive which acts as a proxy for SEND is not allocated on a consistent national basis. Currently the amount of funding that a secondary pupil with low prior attainment attracts varies from £450 to just over £3,800 across local formulae. A direct more consistent formula is said to be fairer, more consistent, simpler, more transparent, and more efficient and predictable.

2.3 **Appendix Two** provides Manchester's draft response to the consultation as it stands at the time of writing this report. An updated response will be tabled at the Schools Forum meeting on 20<sup>th</sup> September 2021.

### 3. **CONCLUSIONS AND RECOMMENDATIONS**

3.1 School Forum members are asked to note and comment on:

- The proposals under the NFF consultation.
- Potential impact on Manchester.
- Manchester's draft response to the consultation.

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## NFF Consultation (part one)

**NFF Consultation (part one)**  
**Submission Deadline: 30 September 2021**

**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

Unsure

**Comment to be add to question 16: Any further comments.**

Manchester agrees with the need to balance principle of fairness and stability.

Prior to making any comments on specific proposals regarding the distribution of funding, the fundamental flaw is the consistent underfunding of education in recent years. Over the last few years schools have faced significant unfunded cost pressures including pay awards, the introduction of the national living wage, higher employer contributions to National Insurance, pensions, non-pay inflation and the Apprenticeship Levy. Moving money around an underfunded system isn't fair to any part of that system.

Value for money will only be achieved by ensuring resources are targeted effectively, enabling good outcomes for all pupils. The NFF proposals are not outcomes driven and proposed values in the formula will not effectively address need. The National Audit Office reports that the formula redistributes funding from the most disadvantaged pupils, towards more affluent areas.

Urban areas which have high levels of need and deprivation, such as Manchester and the London Boroughs, will face significant detrimental impacts due to this reduction in funding. The attainment gap will widen and have a long-term negative impact on society in these areas.

The government has not provided an evidence base to show reducing funding in areas like Manchester is manageable without impacting on standards and outcomes. Manchester's concern is that reductions in funding alongside a real terms reduction in funding through mounting cost pressures on schools will negatively impact on outcomes and welfare of pupils.

School performance in Manchester has improved considerably over the last decade, with achievement at the age of 11 now at or close to the national average for 4 consecutive years and the attainment gap between national performance and local performance at the age of 16 substantially narrowed.

National Audit Office has recommended that the DfE evaluate the impact of the NFF and minimum funding levels over time and use that information to inform whether further action is needed to meet its objectives. In particular, the DfE should review whether the shift in the balance of funding from more deprived areas to less deprived areas, and from more deprived schools to less deprived schools, means it is adequately meeting its objective of matching resources to need. Most London boroughs and cities with relatively high levels of deprivation, such as Nottingham and Birmingham, saw real-terms decreases in per-pupil funding allocations between 2017-18 and 2020-21. The Department allocated the largest increases to local authorities that had the lowest per-pupil funding. On average, local authorities with relatively low levels of deprivation in the Southwest, the East Midlands and the Southeast received real-terms increases of around 1% or more in their per-pupil funding allocations.

Communications needs to be clear that one of the NFF principles is to ensure that all schools regardless of their situation receive at least a guaranteed minimum level of income in their per pupil-led funding, the DfE does not have this assurance for academy schools. Multi-academy trusts can re-distribute funding to their schools based on their assessment of need and they can pool funding centrally, for example to support struggling schools. While the Department publishes details of the

## NFF Consultation (part one)

funding provided to each maintained school, it does not publish or have assurance about how much schools block funding is provided to each academy school by multi-academy trusts.

Not covered in the consultation whether you think the NFF rates are at appropriate level, considering the inflation rates. Furthermore, the northwest has faced higher COVID infection rates than other parts of the country, linked to higher deprivation levels, including poorer housing conditions. As a result, pupils in the region faced greater disruption to their education. It is concerning that instead of investing additional funds to mitigate this, the new formula will decrease funding for deprived regions, potentially compounding this issue. It is also observed that whilst national funding factors are reviewed year-on-year, due importance is not paid to the widening health inequalities arising from deprivation and poverty, which are feeding directly into increased attainment inequalities. Manchester urges a reconsideration of the formula to ensure funding is being provided to build resilience in schools, ultimately leading to a reduction in health inequalities.

**Question 2:**

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

**Response:****PFI**

Manchester does not believe there should be a fully national formula without opportunity for local adjustments on specific issues. Premises funding demonstrates the complexity of applying a national formula approach. As stated during consultation, PFI is also a difficult area to apply standard formulae to. PFI's circumstances are unique depending on the PFI contract agreement. Individual PFI scheme are unique legal agreements that have been set up with different services and different charging mechanisms. The current local mechanisms take account of this and can also respond to changes in the local PFI arrangements. Manchester agrees that a more detailed separate consultation on PFI's would need to be carried out before any changes are implemented.

**Exceptional**

It would be difficult to fund exceptional circumstances via a formulaic calculation, as the nature of this funding is to cover atypical circumstances within schools. Manchester agrees with the consultation that further detailed information gathering is required at a national level before proposing a change.

71 LAs use(d) this factor in their 20/21 formulae, therefore drawing on their experience would allow greater understanding of whether a fair formula could be applied or if a national application-based system would best be applied, still allow(ing)? for the approval by Secretary of State. Moving to a national application-based system would mean LAs would have to submit a for their schools, (maintained and academies) as it would remain part of the authorities DSG.

**Split Sites**

Manchester agrees that schools operating on split sites will incur unavoidable extra costs in comparison to schools based on one site. As additional costs incurred will be dependent on similar factors across split site schools then a formulaic approach would be reasonable. Some of the standard factors to consider include distance between buildings, additional staff required (reception / cleaning / site / TAs) and a mix of lump sum and variable rate. The separate consultation proposed by the DfE will no doubt include more detail on the proposed change.

**Question 3:**

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



## NFF Consultation (part one)

Yes  
No  
 Unsure

**Question 4:**

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

**Response:**

Standardising the approach to **growth funding to meet basic need** would be consistent with other aspects of the reforms, however further clarity is required on whether the approach will recognise the needs of the cohort, or the area cost adjustment.

The proposed approach to **new and growing schools** seems reasonable. Academies, (the only form of new school), will be allocated funding based on expected pupil numbers for the coming year's autumn census, subject to an adjustment process to check the growth materialised.

The restriction of **Falling rolls funding** to good or outstanding schools limits the effectiveness of this policy. Pupils in urban areas can move between schools relatively easily therefore good or outstanding schools will maintain their place numbers. However, pupil losses tend to occur in schools that have poorer Ofsted outcomes. Therefore, if this policy is to be effective, it needs to cover all schools whatever Ofsted category.

Manchester disagrees with the proposal for **popular growth funding** on the basis that its effects will contradict the aims of this consultation. The proposal will provide additional funding to an academy which becomes popular with parents and pupils locally. The DfE propose funding this when the sponsorship of a multi-academy trust improves a school's performance, and providing an in-year check that this academy has experienced significant growth. The consultation refers to standardisation, transparency and consistency aims, this proposal contradicts these aims and assumes only recently converted academies will be popular with parents and children locally.

Manchester requires further detail on the proposal for **funding start-up costs of new schools**, and look forward to seeing the standardisation proposals to accompany it. The proposal will support local authorities who choose to open a new school through the 'presumption' route in addition to the Project Development Grant.

**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  
 Unsure

**Comment to be add to question 16: Any further comments.**

Based on the fact the government is committed to moving towards a direct NFF in principle yes, it is reasonable to expect local authorities use each of the NFF factors in its local formulae, except for any significantly reformed factors where there is to be further consultation, such as premises, PFI, split sites and exceptional factors. It is important to have a long transition period with protections, which will

## NFF Consultation (part one)

enable schools to understand the impact of the change in funding for their school going forward. This is even more significant in more deprived areas where the new approach is proven (likely?) to have an adverse impact, as largest fund increases are to previously less well funded areas which tend to be less deprived.

This response assumes part of the NFF includes the protection on a per pupils' basis (MFG) and that this will continue to be part of the future formula.

**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

Unsure

**Comment to be add to question 16: Any further comments.**

The direct NFF is part of government policy, therefore a smooth transition for schools funding is required, with the expectation for local authorities such as Manchester to begin to align their local formulae closer to the NFF from 2023/24, on the assurance that adequate levels of protection continue (funding floor / MFG).

The issue is regarding the weightings of the factors, rather than the principle of moving toward the NFF from 2023-24. The new model effectively transfers funds from the most deprived areas and allocates them to less deprived areas (as evidenced in the National Audit Office report: School Funding in England). Higher levels of funding should be allocated to additional needs than provided for in the NFF rates to mitigate this. Failing to do so will only result in an increased attainment and social gap.

Manchester's proposals to school forum regarding 2022/23 funding will include options that demonstrates the local formulae moving towards the NFF values.

**Question 7a:**

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

Yes

No

Unsure

**Question 7b: If you do not agree, can you please explain**

The transition from LFF to NFF needs to be conducted in a controlled, gradual manner. It is important to allow schools the time to understand and prepare to mitigate adverse impacts on pupils' outcomes. Any changes should be phased in to prevent undue turbulence with a guarantee of year-on-year funding increase for all schools which can be delivered using the MFG mechanism.

The movement of 10% from 2023/24 seems reasonable. Manchester agrees that the NFF factors should form the basis of local formulae with some LA flexibility to take account of local factors.

As stated previously the National Audit Office has also recommended that the DfE evaluate the impact of the NFF and minimum funding levels over time and use that information to inform whether further

## NFF Consultation (part one)

action is needed to meet its objectives. In particular, the DfE should review whether the shift in the balance of funding from more deprived areas to less deprived areas, and from more deprived schools to less deprived schools, means it is adequately meeting its objective of matching resources to need. This ultimately will lead to widening the attainment and social gap.

**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?

**Response:**

Threshold of 1% in principle seems reasonable, this assumes that MFG would continue to be part of the direct NFF. To give a more detailed comment further information is needed regarding how the application of the MFG and capping would be applied, and if the LA was still allowed any flexibility.

As raised in question 1 response: one of the NFF principles is to ensure that all schools regardless of their situation receive at least a guaranteed minimum level of income in their per pupil-led funding, the DfE does **not** have this assurance for academy schools. Under the NFF Multi-academy trusts have greater flexibility than LA's, creating a two-tier approach. Multi-academy trusts can re-distribute funding to their schools based on their assessment of need and can pool funding centrally, for example to support struggling schools. So, while the DfE publishes details of the funding provided to each maintained school, it does not publish or have assurance about how much schools block funding is provided to each academy school by multi-academy trusts.

**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

Unsure

**Comment to be add to question 16: Any further comments.**

Researcher on EAL at the University of Oxford's Department of Education, The Bell Foundation and Unbound Philanthropy (February 2020) [EAL-how-long-does-it-take](#) provided a report on vital insights into how long it takes, and what support is needed, to enable learners who are new to English to achieve proficiency in English.

The research analysed nine years of data and concluded many EAL pupils need more than six years of support to achieve Proficiency in English, at which point the learner is able to fully access the curriculum and therefore fulfil their academic potential.

The NFF EAL funding for three years is less than other English-speaking jurisdictions including New Zealand, New South Wales, Alberta and some US States, where five years of support is common. Some areas also offer up to seven years of support for those in vulnerable groups, such as refugees. These findings suggest that there should be no flexibility for LAs to reduce the three-year EAL factor, which as research suggests may already be insufficient for pupils to become competent in English. The research author, (DfE, University of Oxford) highlights, "Our finding that over three-quarters of pupils who start in Reception as New to English progress to Developing Competence, which is the middle proficiency level, by the end of primary school is promising, in that most of these pupils are likely to be able to access the English language curriculum in secondary school. However, the fact that, *even six years after starting Reception as New to English, **only around one-third of pupils have transitioned to Competent or above*** is concerning; this suggests that while many pupils have Developing Competence, few reach the highest levels of proficiency, at which they are able to fully access the curriculum, in this timeframe. Our research also shows that Proficiency in English is

## NFF Consultation (part one)

the major factor influencing the educational achievement of pupils with EAL. This research demonstrates the importance of assessing Proficiency in English and the need to provide the right type and length of support for each learner.”  
 Proficiency in English is the major factor influencing the educational achievement of pupils with EAL. The evidence suggests that it takes at least six years of support for EAL pupils to reach their academic potential.

**Question 10:**

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

Yes

No

Unsure

**Comment to be add to question 16: Any further comments**

The report recognises that funding consideration is required to mitigate additional costs incurred in relation to small schools in sparsely populated areas. However, greater recognition and consideration is also required for schools in urban areas facing mobility and population growth pressures.

**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?

Response:

Risk if not ring fenced to ensure directed at school central services.

Historically, Government has rolled other service area funding into Revenue Support Grant (RSG) and Settlement Funding Assessment (SFA), subsequently then subjecting these areas to year-on-year cuts. The cuts are notionally and proportionally applied to any grants rolled into the formula funding system, resulting in a decline in specific service area funding.

This creates significant risk for schools funding, rolling it into a wider formula funding mechanism would subject it to cuts in line with overall funding reductions.

Reductions in funding for central school services will adversely impact the level of support local authorities are able to offer schools. Throughout the pandemic, LA support has proven extremely valuable to schools, and current proposals may not acknowledge the scale of this support. This may consequently require a greater deal of accountability on the regional schools' commissioners (RSCs) as well as their relationship with regulatory bodies.

Manchester requests two guarantees. Firstly, if this funding is transferred, that it will be protected from reductions. Secondly, that transparency is provided by confirming specific funding levels within SFA in future Local Government Finance Settlements.

Below are two examples of grants rolled into wider formula funding systems and proportionally cut, highlighting the risks and impact annual SFA cuts has on specific area funding within the overall funding formula:

Council Tax Support scheme

The localisation of Council Tax Support (CTS) was announced in the 2010 Spending Review, and in April 2013 Government transferred administration and responsibility of the Council Tax Benefits (CTB)

## NFF Consultation (part one)

system from DWP to Local Authorities with the aim of giving councils stronger incentives to cut fraud and get people back into work.

The Council Tax Support scheme (CTS) was funded with a 10% reduced budget in 2013/14, with each authority designing and implementing a localised scheme and holding responsibility for any shortfall or surplus in the CTS budget.

In April 2014 CTS funding was rolled into Revenue Support Grant (RSG), where it has been assumed CTS has reduced year on year in line with the cuts to Manchester's Settlement Funding Assessments (SFA).

In 2020/21 the notional CTS funding from Government is estimated at £22.6m, while the cost of the scheme is £42.3m, giving rise to a funding gap of £19.7m, and £96.6m cumulatively from 2013/14 to 2020/21.

The table illustrates the loss in funding from 2013/14 to 2020/21 due to CTS rolling into the wider funding formula.

Council Tax Support Scheme	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
CTB / CTS Scheme Funding	(37,390)	(33,983)	(28,753)	(26,530)	(24,591)	(23,501)	(22,281)	(22,644)
CTS Transition Grant	(997)	-	-	-	-	-	-	-
<b>Total funding</b>	<b>(38,387)</b>	<b>(33,983)</b>	<b>(28,753)</b>	<b>(26,530)</b>	<b>(24,591)</b>	<b>(23,501)</b>	<b>(22,281)</b>	<b>(22,644)</b>
SFA reduction %	Award	-9.1%	-15.4%	-7.7%	-7.3%	-4.4%	-5.2%	1.6%
Claimant Council Tax foregone	39,849	38,763	40,301	40,048	38,750	38,391	38,896	42,305
<b>Net Loss (incl preceptors)</b>	<b>1,462</b>	<b>4,780</b>	<b>11,548</b>	<b>13,518</b>	<b>14,159</b>	<b>14,890</b>	<b>16,615</b>	<b>19,661</b>

## Student funding for Council Tax exemption

Up to 2013/14 the resource funding formula included an element to compensate authorities for loss of funding arising from the Council Tax exemption given to students. However, in April 2013, as part of the wider Local Resources Review, this element was rolled into Settlement Funding Assessment (SFA) and has therefore been eroded in line with the year-on-year cuts to SFA funding.

Based on student numbers as per the CTB, and the Council Tax forgone due to exemptions, the table below shows in 2020/21 the Council s had a net loss of £11.8m and £65.5m cumulatively since 2013/14.

Student exemptions	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Council Tax Student Exemption reimbursed in SFA	8,985	8,166	6,910	6,375	5,909	5,647	5,354	5,441
Council Tax Foregone	(13,657)	(12,988)	(13,320)	(13,838)	(14,915)	(15,436)	(16,928)	(17,208)
<b>Net Loss</b>	<b>(4,671)</b>	<b>(4,822)</b>	<b>(6,411)</b>	<b>(7,463)</b>	<b>(9,006)</b>	<b>(9,788)</b>	<b>(11,574)</b>	<b>(11,766)</b>
<i>Reduction in SFA</i>		-9.1%	-15.4%	-7.7%	-7.3%	-4.4%	-5.2%	1.6%

## Question 12:

## NFF Consultation (part one)

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

Yes

No

Unsure

**Comment to be add to question 16: Any further comments**

Manchester is in agreement with this proposal, provided that the grant is separate and does not form a part of any other funding stream e.g. the LGFS. Funding for historic commitments needs to be protected until they are fully expired. As these commitments will not form part of the future NFF, it is reasonable this is taken out of the NFF and related funding be protected with a ring-fenced legacy grant.

**Question 13:**

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

Strongly Agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

**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?

**Response:**

Manchester does not feel this should be investigated further, given the number of current changes with school funding being undertaken and the benefits of what this change would achieve for maintained schools is not clear or for the NFF. Rather than investigating the possibility of moving maintained schools to being funded on an academic year basis, should the enquiry be: the possibility of maintained schools and academies having the same funding cycle.

The consultation states academies have historically preferred academic year funding, as it aligns with their business cycle, whereas maintained schools prefer financial year funding, as it corresponds to their accounting period. Both options should be explored. An initial observable benefit to academies switching to financial year funding would be a reduction in the funding lag. Unlike maintained schools, who must finalise their accounts in line with the LA accounting period, academies as separate entities could change their accounting period to financial year.

As the Government drive is to increase number of academies, would this change naturally happen over time, hence is it worth while investigating? The Secretary of state for Education Gavin Williamson, has stated the government's vision is for all schools to become part of multi-academy trusts: "By 2025, we want to see far more schools residing in strong families (multi-academy trust) than we do today, and we're actively looking at how we can make that happen"

Maintained schools must finalise accounts on financial year, therefore there are limited, if any, benefits associated with this change, however there are several initial drawbacks we can point to:

## NFF Consultation (part one)

- Additional burdens on maintained schools and LAs, on top of currently existing pressures.
- Increased complexity by having funding cycle and the final accounts taking place on different cycles.
- Transition would be difficult creating significant burdens and result in greater lagged in funding.

**Question15:**

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

**Question16:**

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

I will add text from above where there is the sub-heading: Comment to be add to question 16: Any further comments.

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# DfE Consultation: Move to 'hard' (direct) NFF

**September 2021**

# Glossary

Term	Definition
National Funding Formula (NFF)	A single, national formula to be used by the government to allocate the core funding for all mainstream schools in England.
Local Funding Formula (LFF)	Individual school funding formulas curated by local authorities (LAs), tailored to best meets the needs of their locality.
Minimum Funding Guarantee (MFG)	MFG protects schools from excessive year-on-year changes (arising from changes in pupil characteristics) in per-pupil funding in cash terms.
Capping	LAs have the provision to “cap” gains in school funding arising from changes to formula factors, to ensure affordability. The cap is set at a fixed percentage, which must be equal to or higher than the MFG, and ensures schools do not see greater than a fixed and uniform levels of gains year-on-year.
Age Weighted Pupil Unit (AWPU)	AWPU is the rate of basic minimum entitlement funding received by each mainstream school per pupil on roll, regardless of whether the child is eligible for additional funding via deprivation or special need characteristics.
Individual School Budgets (ISB)	The budget share disseminated to schools annually.

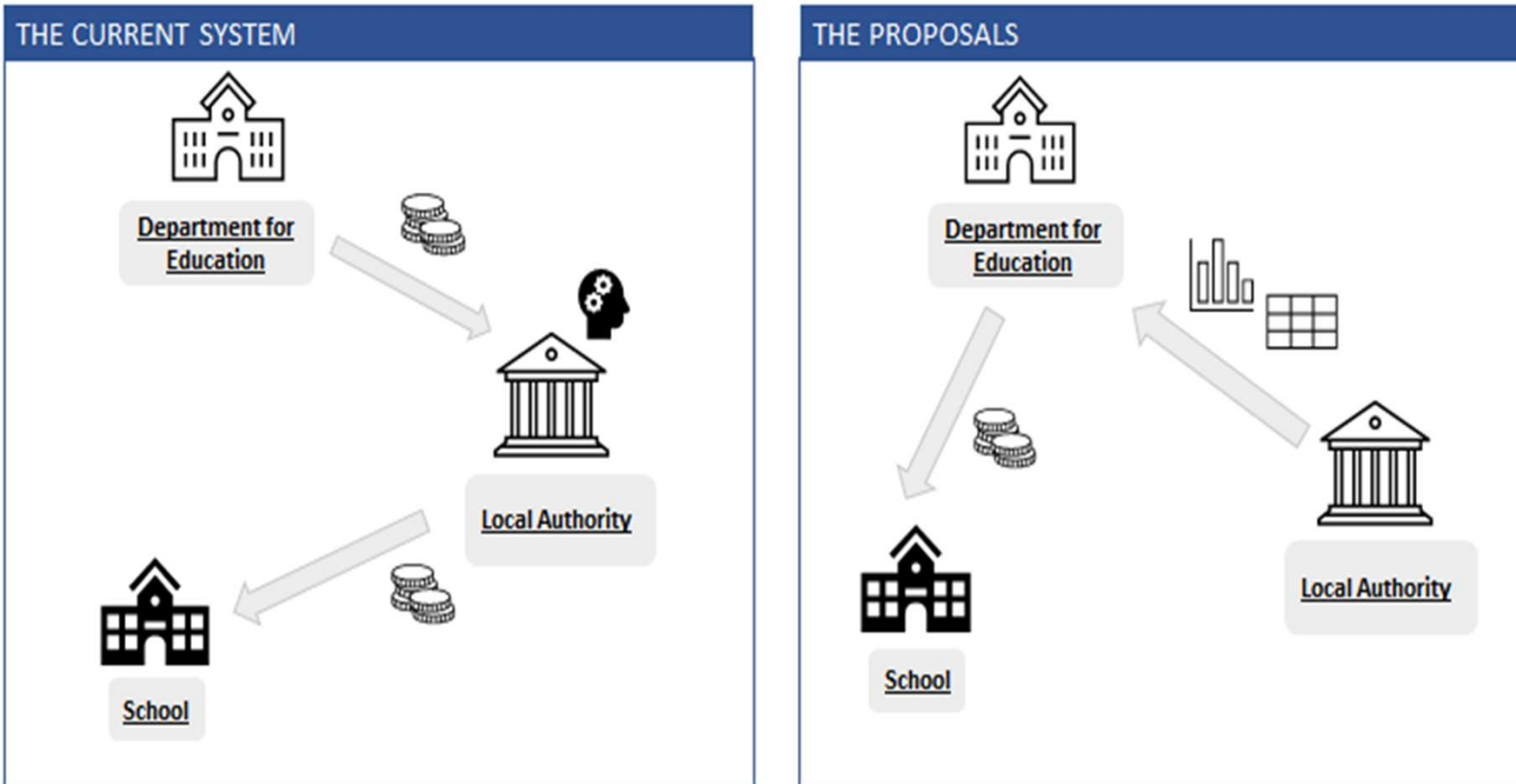
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# Consultation

- **Proposal:** schools funding to be delivered nationally using a single national funding formula (NFF)
- **2022/23:** DfE will not impose any changes, continue with current approach
- **2023/24:** “Gradual move” towards NFF begins - LAs to move local funding formula (LFF) at least 10% closer to NFF
- Consultation deadline: 30<sup>th</sup> September 2021

# Proposals:



# Consultation in more detail

- Transition to Direct Formula
- Premises factors
- Growth Fund
- Central Schools Block
- Academic Years vs Financial Year
- Local Decision Making
- SEND funding in Schools Block

# NAO Findings

- National Audit Office (NAO) found although overall funding for schools in England has risen from £36.2 billion in 2014-15 to £43.4 billion in 2020-21, the rising number of pupils means real-terms funding per pupil increased by only 0.4 per cent.
- Balance of cash moving away from more deprived schools
- NFF implemented in 2018/19

# NAO Findings

- Average amount spent on each pupil in the most deprived fifth of schools fall in real terms by 1.2 per cent.
- Risen by 2.9% in the least deprived fifth.
- 58.3% of the most deprived fifth of schools saw their per pupil funding fall in real-terms.

# Modelling

- Several models analysed to understand the financial impact to Manchester of a move to NFF (using 2021/22 data):
  - **Model G:** Current LFF model
  - **Model N1:** Complete and direct move to NFF
  - **Model N2:** 10% transition of LFF to NFF
  - **Model N2A:** Model N2 except FSM values at NFF rates and higher cap.

**Note:** 2021/22 datasets have been used for the purpose of this modelling exercise. Updated calculations will be brought to Forum later in the year once October 2021 census data is available.



# Modelling Comparison

- Schools will be funded on the highest of (i) the LFF (no adjustment required); (ii) the LFF with MFG protection; or (iii) the LFF with capping.
- The table below illustrates the number of schools and how they will be funded under each model.

	Model G	Model N1	Model N2	Model N2A
MFG	124	150	131	49
Cap	15	7	10	107
LFF	28	10	26	11

Note: Capping is at 3% in Models G, N1, & N2; and at 2.16% in Model N2A. MFG is set at 2% across all models.

# Modelling Comparison

2021/22 DSG SB Quantum:	£456,200,384.00
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2021/22	Model G LFF	Model N1 NFF values exactly	Model N2 10% move towards NFF	Model N2A Model N2 with FSM @ NFF & Larger Cap
Total Allocated	456,200,384.00	455,652,663.94	456,058,714.28	456,200,412.26
Unallocated	0.00	547,720.06	141,669.72	-28.26
Average ISB Funding Per Pupil	£5,392.23	£5,386.49	£5,390.67	£5,392.84
MFG	8,769,117.81	15,876,720.70	9,386,621.88	3,281,545.36
Capping	-677,487.84	-492,988.33	-610,397.18	-6,505,497.08
AWPU Total	325,644,377.28	300,749,732.03	323,154,912.76	323,154,912.76
Additional Need Total	91,491,294.11	113,581,508.64	93,700,315.57	105,914,743.84
Lump sum	25,730,000.00	19,661,373.66	25,123,137.37	25,123,137.37

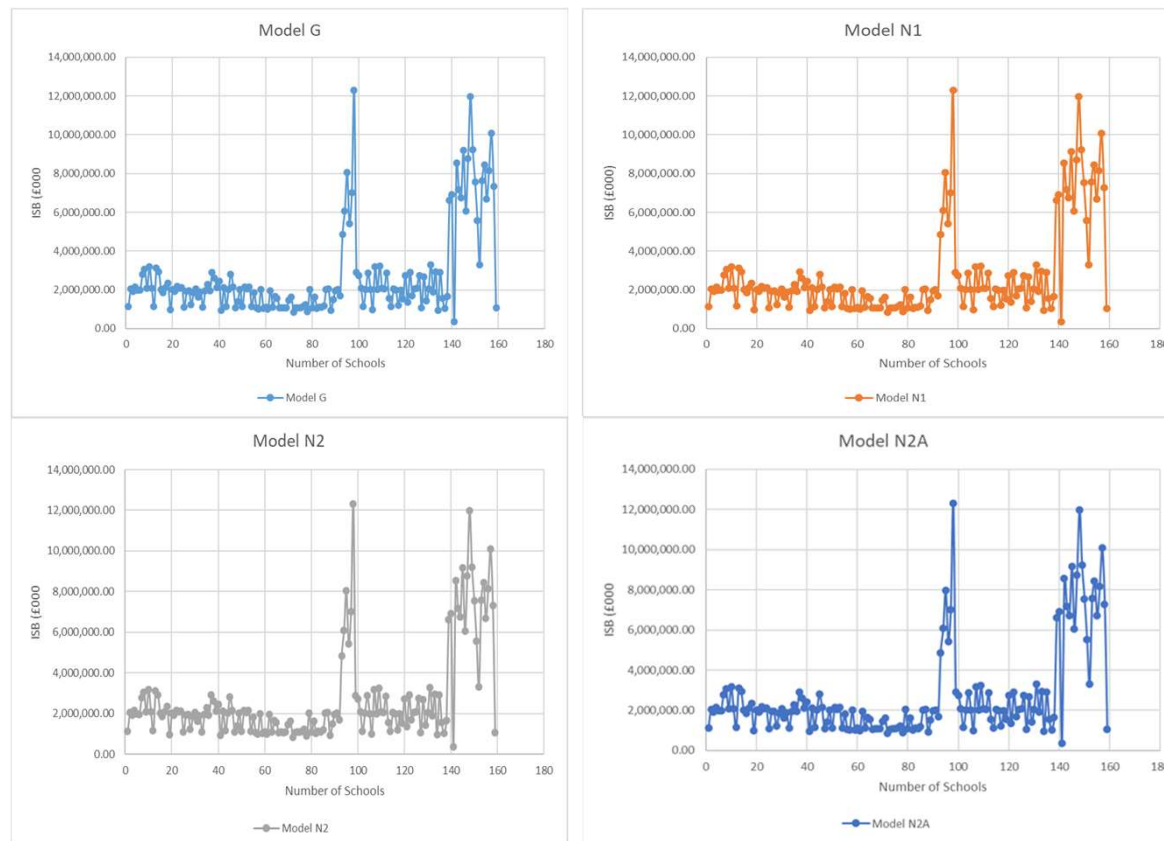
AWPU, Additional Need, & Lump Sum*	442,865,671.40	433,992,614.32	441,978,365.69	454,192,793.96
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\*total excludes MFG, capping, premises, growth fund, MFPPL, and exceptional circumstances funding.

# Model illustrations

The below graphs illustrate individual schools' budgets (ISBs) under each model.

Via operation of the MFG, during the transition, school funding levels are protected at nearly the same levels across all models.



# Manchester Recommendation

- The commencement of a gradual move to NFF. School budgets will be protected from significant fluctuations year-on-year via operation of MFG.
- Gross funding under LFF and NFF models will be fairly similar in the short-term, but individual factor totals will vary (e.g. more funnelled out under AWPU in MCC's LFF than NFF, and conversely more given under deprivation under NFF).
- **Recommendation:** Based on the data currently available to us, we recommend adoption of Model N2A, i.e. begin transition to NFF values in 2022/23, allowing schools an adjustment period.

# Recommendation: Model N2A

- **Model N2A:** 10% move to NFF + addition of FSM formula factor at the NFF rate. Larger cap to ensure affordability.
- **Rationale:**
  - all funds allocated under AWPUP and additional need; no funds unallocated
  - marginally more funding locked into protected budgets; school budgets protected from big swings year-on-year
  - reduced reliance on MFG, beneficial if MFG levels drop.

# Further consultations

- This is Part 1 of the NFF consultation.
- ESFA will be sharing further consultations on the following issues in the near future:
  - part 2 of the NFF consultation, with more detailed proposals, following feedback from part 1
  - a more technical consultation on the central school services block
  - consultation on premises factors, including PFI
  - consultation on high needs funding