

## 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.

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#### 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.