

CITY OF WESTMINSTER
SCHOOLS' FORUM 20th MARCH 2023
REPORT BY LEAD STRATEGIC FINANCE MANAGER – BI BOROUGH
CHILDREN'S SERVICES

SCHOOL BUDGET TIMELINE REGARDING THE MOVE TO THE NATIONAL
FUNDING FORMULA

This report covers the proposed timeline for the move to the DfE National Funding Formula (NFF) factor values. Consultation will also take place with primary and secondary headteacher groups.

FOR DECISION

1. INTRODUCTION

- 1.1 The NFF currently calculates the schools block of the Dedicated Schools Grant (DSG). The LA, then determines individual schools' funding allocations through a local formula, after consultation with the Schools' Forum. The local arrangements have maintained stability in the system, and the majority of LAs have moved towards the NFF since its introduction in 2018-19 although there remain some significant differences in the way in which some LAs allocate funding compared to the NFF.
- 1.2 Schools' Forum (14th November 2022) considered four 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 15% towards the NFF factor values for all factors except for IDACI which moved 25% towards NFF factor values with MFG at maximum +0.5% per pupil increase and Age Weighted Pupil Units (AWPU) values as the balancing figure was agreed. It was also agreed that a timeline for the move to the NFF factor values would be finalised.
- 1.3 In March 2022 the Government confirmed the commitment to introduce the direct NFF which means the DfE will determine individual schools funding allocations without substantial local adjustment. The DfE has not set a final date when the direct NFF will be implemented but expect to have moved to the direct NFF by 2027-28. Local school funding formulas were required to move 10% closer to the NFF factor values in 2023/34.

2. ISSUES THAT AROSE WHEN AGREEING THE LOCAL FORMULA TO CALCULATE THE 2023/24 SCHOOL BUDGETS

- 2.1 The move towards the NFF factor values allocates more funding to primary schools particularly those with higher numbers of pupils identified as deprived,

as the Westminster local formula allocates less for deprived pupils than the NFF. Primary schools therefore feel strongly that the move to the NFF factor values should be at a faster rate than the government requirements. Moving at a faster rate towards the NFF would result in more secondary schools receiving the minimum funding increase. As a compromise, in agreeing the Westminster formula factors for the 2023/24 budget calculations it was agreed that a timeline for the move the NFF factor values would be finalised.

3. **PRINCIPLES FOR AGREEING THE SCHOOL FUNDING FORMULA**

3.1 No changes are proposed to the following principles agreed by Schools' Forum (June 2022).

3.1.1 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.

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 indicate that the lower levels of funding via the NFF factors are appropriate and expose schools to risk when the hard NFF is fully introduced.

4. **OPTIONS FOR TIMELINE TO MOVE TO NFF FACTOR VALUES**

4.1 The Department for Education (DfE) consultation on Completing our reforms of the National Funding Formula (NFF) included that the DfE would monitor the impact of the proposed initial step in 2023-24 before deciding the next steps in subsequent years. After an initial 10% movement closer to the NFF in 2023-24, and subject to the impact of this movement, the aim is to move at least 15% closer to the NFF in 2024-25 and at least 20% closer in 2025-26. A faster pace of change would mean a greater degree of turbulence for school budgets in the transitional years. Local Minimum Funding Guarantee (MFG) protections

4.2 The Local Minimum Funding Guarantee (MFG) protects schools from excessive per pupil year-on-year losses and will remain in place. The DfE have indicated that the percentages will remain relatively low in the move towards the NFF. In the move to a direct NFF, the NFF floor and MFG in the local formulae will merge into one mechanism to be called the MFG. The NFF floor baseline has been calculated in respect of the previous year's notional NFF allocations, whereas the MFG baseline is based on the previous year's **actual** funding. The plan is to use the local formulae baselines for the MFG in the year the direct NFF is introduced, for academies the actual GAG allocation will be.

- 4.3 While the requirement was to move 10% closer to the NFF in 2023/24 the agreement in Westminster was to move 15% towards the NFF factor values for all factors except for IDACI which moved 25% towards NFF factor values with MFG at the maximum +0.5% per pupil. It is proposed that consideration is given to the Westminster formula moving to the NFF factor values at the following rate. It will not be possible to model four to five years of models for three options, we would only be able to model the potential impact of the options for 2024/25:

	2023/24	2024/25	2025/26	2026/27	2027/28
DfE requirements / indicative requirement	10% min required	15%	20%	Unknown	Full NFF
Option 1: Actual / Proposed WCC move towards to NFF factor Values	15% / 25% IDACI	25%	40%	Full NFF / final 20%	
Option 2: Actual / Proposed WCC move towards to NFF factor Values	15% / 25% IDACI	30%	30%	Full NFF / final 25%	
Option 3: Actual / Proposed WCC move towards to NFF factor Values	15% / 25% IDACI	35%	25%	Full NFF / final 25%	

5. NEXT STEPS FOR AGREEING THE MOVE TO THE NFF FACTOR VALUES AND SCHOOLS FUNDING FORMULA IN 2024/25 ONWARDS

	Description	Timing	Comments
1.	Proposals to be modelled and considered by June 2023 Schools Forum	June 2023	
2.	Consult with headteacher groups and seek their views on the proposed timeline, being clear that headteachers views will inform the Schools' Forum decision making.	September / October 2023	
3.	Forum paper to include feedback from headteachers groups. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2023 Schools Forum	If a consensus is not reached the Forum members will vote on the recommendations 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 2024 Schools Forum	
5.	The final option selected at the November 2023 Schools Forum will be updated based on information provided by the ESFA in December 2023 re October 2023 roll numbers and pupil characteristics for free school meals, low prior attainment etc and estimated NNDR. This will provide the estimated final school budgets for 2024/25	January 2024	These budgets can be used for initial preparation of three Year budget plans
6.	Schools issued with final 2024/25 budgets	February 2024	Once DfE agree school budget tool submitted

6. RECOMMENDATIONS

6.1 Schools' Forum is recommended to:

- 6.1.1 agree that no changes are made to the principles for agreeing the schools funding formula (section 3);
- 6.1.2 agree the options for the move to the NFF factor values, to go forward for consultation with primary and secondary headteacher groups in September / October 2023 (section 4): and
- 6.1.3 note the next steps for agreeing the move to the NFF factor values and schools funding formula for 2024/25 onwards (section 5).

Anita Stokes
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Background papers:

ESFA – Operational Guidance 2023/24

[Schools operational guide: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/schools-operational-guide-2023-to-2024)

DfE consultation – Implementing the direct national funding formula

[Implementing the direct national funding formula - government consultation \(education.gov.uk\)](https://www.education.gov.uk/government/consultations/consultation-on-implementing-the-direct-national-funding-formula)

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