

Meeting:	Schools Forum
Date:	8 March 2022
Subject:	Item 4: National Funding Formula Background Information
Responsible Officer:	Jo Frost, Finance Business Partner – Children’s Services

Section 1 – summary

1. There was a discussion at Schools Forum on 11 January 2022 regarding the implementation of the National Funding Formula (NFF) in Harrow and the differential between primary and secondary funding rates.
2. This report sets out the background to the NFF and provides some data in respect of other London local authorities funding rates and it was requested after that meeting that this be added to this meeting’s agenda.
3. It should be noted that the Local Authority is responsible for proposing and deciding on the funding formula, in consultation with schools. The LA is not currently proposing a move away from the NFF.

Section 2 – report

National Funding Formula

1. The introduction in 2018-19 of the schools National Funding Formula (NFF) for mainstream schools was a crucial step towards a fairer funding system and replace the postcode lottery of the past. The NFF saw the DfE moving to calculate schools’ funding allocations based on the characteristics and needs of each school and its pupils rather than a system that was based on historic spending levels.

2. Since its introduction the NFF has been a 'soft' formula. This means that the DfE, through the NFF, calculates funding allocations in relation to each individual mainstream school, based on its particular characteristics. These individual school-level allocations are then aggregated for each LA. The LA, from its aggregated total, then determines individual schools' final funding allocations through a local formula, which it is responsible for setting.
3. Whilst the DfE has set some parameters within which local formulae must operate, LAs have discretion about the amount of funding put towards each factor and some flexibility over which factors to use in their local formulae – therefore an individual school's funding can, and often does, vary from that which the NFF itself allocates.
4. Maintaining these local arrangements has been an important way to maintain stability in the system. Significant progress has been made in relation to LAs choosing to move their local formulae towards the national formula since its introduction. **Approximately 50% (73/150) of LAs are now mirroring the NFF funding factors exactly.**
5. The intention since the introduction of the NFF has always been to move in time to a funding system in which all individual schools' funding allocations are set directly by the national formula without any local adjustments. This is referred to as the 'hard' NFF.
6. Whilst it is acknowledged that many LAs have moved closer to the NFF since its introduction there continue to be significant differences in the way in which some LAs allocate funding compared to the NFF.
7. These significant differences in how local formula determine a school's final funding allocation mean that schools can receive very different funding allocations depending on where they are in the country.
8. Several case studies were undertaken which identified that (excluding any area cost adjustments)
 - medium sized primary school in one part of the country could receive over £200k compared with a similar school with similar pupil characteristics in another LA.
 - medium sized secondary school in part of the country could receive over £400k compared with a similar sized school with similar pupil characteristics in another LA
9. Whilst a hard NFF remains the long-term goal for delivering a fair funding system, there is recognition that it is a significant change and one that requires careful implementation and transition to avoid any unexpected

disruption. This is particularly important as the school system focuses on supporting recovery from the impact of the pandemic.

10. Consequently, there is no proposal to set a fixed target date by which the hard NFF will be fully in place. Instead, there will be a measured approach to the transition, moving LAs' local formulae progressively closer towards the NFF.

11. The national funding formula and local minimum funding guarantee (MFG) protections will remain in place so that schools will not lose funding in cash per-pupil terms as a result of moving towards a hard NFF. Schools will also continue to receive fair funding increases.

Harrow Schools Funding Formula

12. The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018-19.

13. 76% of schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018-19. The NFF will continue for 2022-23

14. As a result of the introduction of the NFF the following happened

15. Primary Schools

- Reduction in basic entitlement funding because the NFF factor value is lower than the previous Harrow Schools Funding Formula
- Increase in funding through the additional needs factors as the NFF factor values are higher than the previous Harrow Schools Funding Formula and more children are eligible for funding as the factor criteria expanded
- General overall net gains despite reduction in basic entitlement factor

16. Secondary Schools

- Increase in basic entitlement funding because the NFF factor values are higher than the previous Harrow Schools Funding Formula
- Increase in funding through some of the additional needs factors as the NFF factor values in some cases are higher than the previous Harrow Schools Funding Formula
- General overall net gains

17. The primary/secondary ratio increased from 1:1.32 to 1:1.37 meaning that for every £1 of funding provided to Harrow primary schools, £1.37 is provided to Harrow secondary schools.

18. All schools continue to be protected by the Minimum Funding Guarantee in any funding formula.

Other Local Authorities

19. Below is a table showing the basic entitlement per pupil value in Outer London LA funding formulae as well as the primary/secondary ratio. It should be noted that this data relates to 2020-21 and since then a number of LAs have moved nearer to the NFF and at least one is now currently using the NFF compared to the data below.

Local authority name	Basic Entitlement Primary Amount Per Pupil	Basic Entitlement KS3 Amount Per Pupil	Basic Entitlement KS4 Amount Per Pupil	Secondary Ratio
Barking and Dagenham	£3,375	£4,365	£5,010	1.35
Barnet	£3,140	£4,416	£5,013	1.30
Bexley	£3,109	£4,372	£4,963	1.37
Brent	£3,518	£5,083	£5,610	1.27
Bromley	£3,093	£4,350	£4,938	1.34
Croydon	£3,396	£4,389	£4,690	1.25
Ealing	£3,275	£4,605	£5,228	1.35
Enfield	£3,146	£4,351	£4,936	1.35
Greenwich	£3,376	£4,748	£5,390	1.41
Harrow	£3,164	£4,450	£5,052	1.37
Hillingdon	£3,437	£4,457	£5,094	1.30
Hounslow	£3,232	£4,508	£5,105	1.31
Kingston upon Thames	£3,134	£4,407	£5,003	1.29
Merton	£3,284	£4,619	£5,243	1.35
Redbridge	£3,258	£4,517	£5,219	1.35
Richmond upon Thames	£3,175	£4,465	£5,069	1.33
Sutton	£3,140	£4,416	£5,013	1.29
Waltham Forest	£3,091	£4,348	£4,935	1.39

Section 3 - Contact Details

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