

National Funding Formula Reforms – [May 2022](#)

The legislation will fund academies and maintained schools on a **consistent legal basis**, replacing the existing provisions in the 1998 School Standards and Frameworks Act which only apply to maintained schools.

The Secretary of State (in relation to England)

- will determine funding **for all mainstream schools** through a single, national funding formula
- must pay this funding **to academy trusts and to local authorities** for maintained schools
- has the power to request information from local authorities and academies, such as pupil numbers, information on school reorganisations etc
- has the ability, **on application of the local authority**, to reallocate funding from the NFF allocations to local education budgets to meet local funding pressures (most likely relating to high needs), in place of the current “block transfer” mechanism (this was previously agreed locally through schools forum)

This measure will mean that local authorities:

- will have a local education budget (“locally-determined education budget”) to deliver their education responsibilities
 - includes spending on and other local education expenditure, **covering high needs, early years, and central school services**
 - includes providing any supplementary funding* provided to schools (“locally-determined supplementary funding”) where the Secretary of State determines that local authorities are best placed to determine funding in line with their other duties

Schools Forum will:

- retain their responsibilities around local education spending, with both supplementary school allocations and other locally-determined education expenditure (early years, high needs, central school services)
- will no longer advise on setting local formula for core schools funding

Other key points

The NFF includes funding protections - a minimum per pupil level to target funding to the lowest funded schools, and a funding floor to protect schools against excessive losses in their per-pupil funding, compared to the previous year

Additional funding streams that schools may receive, such as the Pupil Premium or PE and Sport Premium, are distributed separately to the schools NFF and therefore not in scope for this measure

DfE propose to take a measured approach to transition, and at this stage are not setting an “end date” for full implementation until they have reviewed the impact of moving local authorities’ local formulae progressively closer towards the NFF.

Funding for high needs will continue to be allocated to English local authorities through the high needs national funding formula (NFF)

Central School Services are the ongoing services that are delivered for all schools, such as admissions and attendance monitoring. They will continue to be **provided by local authorities and funded through central school services** government funding in England. The DfE plan to review the services funded through the ongoing responsibilities element of CSSB and will include further details in our second stage consultation due to be published in Summer 2022

Supplementary funding*

While most of the funding for schools will be allocated through the NFF, in some cases, it may be appropriate for the Secretary of State to require local authorities to provide schools with **supplementary funding** linked to their **existing duties and responsibilities**. Examples may include funding for schools have significant in-year increases in pupil numbers, linked to local authorities’ sufficiency duty, or funding for PFI, linked to local authorities’ role in managing existing contracts.

This will be provided to schools as determined by local authorities (“locally-determined supplementary funding”), in circumstances where the Secretary of State believes local authorities are better placed to determine the amount of funding each school should receive, and which local authorities must pass on to schools.

Delegated Powers - required to operate the new funding framework

1. The power for the Secretary of State to apply a **national funding formula to non-mainstream** schools (which would otherwise be funded locally).
 - 1.1. This delegated power enables NFF to be extended to a wider group of schools. Specifically, maintained and non-maintained **special schools, special and alternative provision academies, and pupil referral units**.
 - 1.2. The government **does not** currently have specific plans to introduce a similar schools NFF for types of schools other than mainstream schools. The Green Paper proposes a national framework covering standards and funding for provision. This power would support the implementation of a new funding system that includes the determination of special and alternative provision schools' allocations using a national formula, **should that be one of the outcomes of the current SEND Green Paper consultation**.
2. The power for the Secretary of State to **fund schools outside the NFF** in exceptional circumstances
 - 2.1. This power allows the Secretary of State to calculate the national formula allocation for a school, outlined in Regulations, on a different basis than the NFF, where the Secretary of State considers there are exceptional circumstances
3. The power to **require local authorities to provide schools with supplementary funding**
 - 3.1. Gives the Secretary of State the ability to specify that, for schools which receive national formula allocations, some elements of their funding must be determined and administered by local authorities rather than by the Secretary of State
4. The power to require **local authorities to determine and administer other locally determined education expenditure**.
 - 4.1. This power enables the government to continue the current funding arrangements for high needs provision, early years provision and central services for schools.
5. The power for **local authorities** to apply to the government to **move funding from schools' national formula allocations to locally determined education budgets**
 - 5.1. This will give the Secretary of State the ability, on application from a local authority, to move funding from the national formula allocations for schools in a local authority area (determined via the NFF) to the local authority's locally determined education budgets – which includes funding for high needs
6. The power for local authorities to **make budget adjustments for excluded pupils**
 - 6.1. This gives the Secretary of State the ability to make regulations that require local authorities to make in-year adjustments to schools' funding allocations where pupils are permanently excluded and move to a new school within the school's funding year. This is a continuation of existing policy
7. The power to allow deductions from **maintained schools' core budgets for pooled education expenditure**
 - 7.1. This delegated power is intended to enable local authorities to continue to fund some services for maintained schools (only) from their school funding allocations.