



The funding and
accountability framework

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What is the National Funding Formula (NFF)?

- The method that the Government uses to decide how much money should be given to English state schools each year
- New formula designed to remove historic discrepancies
- NFF implementation now in a soft phase
- Local authorities (LAs) will be forced to follow the formula once legislation has been passed, known as hard implementation



What next for the NFF?

- 2020/21 – likely to be based on current NFF due to delayed Comprehensive Spending Review leading to a one-year budget settlement
- 2021/22 – could see NFF v2 following a consultation period
- Hard implementation
 - Change local authority statutory duties
 - Or restrict the movement of the funding factors
- ISBL NFF manifesto available



Latest funding news

- Exciting agenda for Queen's speech – education funding
- Raise the Rate Campaign letter 29/8/2019 to Chancellor calls for £4,760 and inflation linked, signed by 93 MPs
- Education Select Committee position
- TPS & LGPS issues
- DfE announcement
 - Details needed to allow forecasts to be updated
 - Up £2.6bn 2020/21, up another £2.2bn 2021/22 and £2.3bn 2022/23
 - Quantum and distribution – levelling up appears to be the policy
 - Ministers want to stop the 'noise' from lowest funded
- The role of School & Academies Funding Group (SAFG)

The current funding system

- Core revenue distributed through the dedicated schools grant (DSG)
- DSG split into 4 blocks: schools block, high needs block, early years block, central services block. These blocks are notional, and there is some flexibility for LAs to move funds between them
- Only 3 blocks really talked about as central services is small and does not go to schools



The current funding system

Additional funding includes:

- 16-19 funding
- pre- and post-opening grants for new academy convertors, sponsored academies and new free schools
- other specific grants for schools

Capital funding is separate from revenue funding.



Schools block – Factors in the schools national funding formula

How are schools funded under the National Funding Formula?

Under the National Funding Formula, there are 15 factors that make up the schools block that are taken into account when calculating funding allocations through the NFF.

| | | | | | | | |
|----------|---------------------------------|-----------------------------|--------------------|----------------------------|---------------------------------|---|---------------------------------|
| A | Basic per pupil funding | 1. Basic entitlement | | | | 14. Minimum level of per pupil funding | |
| | | 2. Deprivation | | 3. Prior attainment | 4. Looked-after children | 5. English as an additional language | 6. Pupil mobility |
| B | Additional needs funding | 7. Sparsity | 8. Lump sum | Premises | | | 13. Exceptional premises |
| | | | | 9. Split sites | 10. Rates | 11. PFI | |
| C | School-led funding | | | | | | |
| D | Geographic funding | 12. London Fringe | | | | | |
| E | Other factors | 15. Funding floor | | | | | |



Schools block – Factors in the schools national funding formula

| Factor | ESFA Schools revenue funding 2019 to 2020 – Operational guide note |
|---|--|
| 1. Basic entitlement <i>Compulsory</i> | This factor assigns funding on the basis of individual pupils, with the number of pupils for each school or academy based on the October pupil census |
| 14. Minimum level of per pupil funding <i>Optional</i> | The purpose of this factor is to allow local authorities to provide amounts up to the minimum per pupil funding levels for primary and secondary schools |



Schools block – Factors in the schools national funding formula

| Factor | ESFA Schools revenue funding 2019 to 2020 – Operational guide note |
|---|--|
| 2. Deprivation <i>Compulsory</i> | Local authorities can use free school meals (FSM), the income deprivation affecting children index (IDACI), or both, to calculate the deprivation factor |
| 3. Prior attainment <i>Optional</i> | The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs |
| 4. Looked-after children <i>Optional</i> | Local authorities can apply a single unit value for any child who has been looked after for one day or more, as recorded on the LA SSDA903 return at 31 March 2018 |



Schools block – Factors in the schools national funding formula

| Factor | ESFA Schools revenue funding 2019 to 2020 – Operational guide note |
|---|---|
| 5. English as an additional language <i>Optional</i> | Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system |
| 6. Pupil mobility <i>Optional</i> | This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils) |

Schools block – Factors in the schools national funding formula

| Factor | ESFA Schools revenue funding 2019 to 2020 – Operational guide note |
|--------------------------------|--|
| 7. Sparsity <i>Optional</i> | Schools that are eligible for sparsity funding must meet two criteria: <ul style="list-style-type: none">• they are located in areas where pupils would have to travel a significant distance to an alternative should the school close• they are small schools |
| 8. Lump sum <i>Optional</i> | Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary <ul style="list-style-type: none">• the maximum lump sum is £175,000 |



Schools block – Factors in the schools national funding formula

| Factor | ESFA Schools revenue funding 2019 to 2020 – Operational guide note |
|-----------------------------------|--|
| 9. Split sites <i>Optional</i> | The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites <ul style="list-style-type: none">• allocations must be based on objective criteria for the definition of a split site, and for how much is paid |
| 10. Rates <i>Optional</i> | Local authorities must fund rates at their estimate of the actual cost. Local authorities can make adjustments to rates during the financial year, but this must be done outside of the funding formula |

Schools block – Factors in the schools national funding formula

| Factor | ESFA Schools revenue funding 2019 to 2020 – Operational guide note |
|---|---|
| 11. Private finance initiative (PFI) contracts <i>Optional</i> | The purpose of this factor is to support schools that have unavoidable extra premises costs, because they are a PFI school, and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority |
| 13. Exceptional premises <i>Optional</i> | Local authorities can apply to ESFA to use exceptional factors relating to school premises, for example, for rents, or joint-use sports facilities |

Schools block – Factors in the schools national funding formula

| Factor | ESFA Schools revenue funding 2019 to 2020 – Operational guide note |
|--------------------------------------|--|
| 12. London fringe <i>Optional</i> | The purpose of this factor is to support schools that have higher costs because they are in the London fringe area, and only part of the local authority is in this area |



Schools block – Factors in the schools national funding formula

| Factor | ESFA Schools revenue funding 2019 to 2020 – Operational guide note |
|--------------------------------------|--|
| 15. Funding floor <i>Optional</i> | The purpose of this factor is to allow local authorities to reflect the NFF calculation of a minimum 1% per pupil increase over 2017 to 2018 baselines |

Variations to pupil numbers

Local authorities are no longer expected to request approval to increase the pupil numbers used for calculating funding for specific schools where:

- there has been, or is going to be, a reorganisation
- a school has changed, or is going to change, its admission limit

However, local authorities are expected to present any pupil variations to their schools forum, to illustrate the impact to overall funding, and on specific schools' budgets.



High needs funding block

- Supports 0–25 year olds with SEN and disabilities
- Supports those of school age who are not in school because they are excluded or otherwise not able to attend school
- Alternative provision (AP) for such children and young people includes pupil referral units and hospital schools
- A child has 'high needs' if their education costs more than approximately £10,000 per year
- Funding is allocated to LAs based on past spending patterns



High needs funding block

Distribution has two main components:

1. Core funding
2. Top-up funding



High needs funding block

| Type of provision | Core funding | Top-up funding |
|--|---|--|
| Mainstream schools Mainstream academies | Funding to meet first £6,000 of additional support costs, delegated within school budget and academy grant derived from local formula – notional SEN budget – LA have duty to ensure it is sufficient so if you exceed it you have recourse to LA | Agreed per-pupil top-up funding paid by commissioning local authority (LA) |
| Special units and resourced provision in mainstream schools Special units and resourced provision in mainstream academies | £10,000 per place based on number of places to be funded | Agreed per-pupil top-up funding paid by commissioning LA |



High needs funding block

| Type of provision | Core funding | Top-up funding |
|---|--|--|
| Maintained special schools Special academies Non-maintained special schools | £10,000 per place based on number of places to be funded | Agreed per-pupil top-up funding paid by commissioning local authority (LA) |
| Independent special schools and AP | N/A | Agreed per-pupil funding paid by commissioning LA |
| Pupil referral units – maintained AP academies | £10,000 per place based on number of places to be funded | Agreed per-pupil top-up funding paid by commissioning LA |



Early years block

Funding arrangements for early years are dealt with as a separate block, but I will not be covering this in today's presentation.



Capital funding

The Department for Education allocates funding to help maintain and improve the condition of school buildings and grounds.

Funding is made up of:

- school condition allocations (SCA), given to eligible bodies responsible for maintaining school buildings
- devolved formula capital (DFC), allocated to schools and other eligible institutions



Capital funding

Capital funding includes allocations for:

- local authorities and local-authority-maintained schools
- local voluntary-aided bodies and voluntary-aided schools
- academies and large multi-academy trusts and sponsors
- sixth-form colleges
- special schools not maintained by the local authority
- special post-16 institutions with eligible students

Single academy trusts and small multi-academy trusts (MATs) must apply via the condition improvement fund (CIF) route.



Capital funding

Other points to consider:

- local authorities have a duty to ensure school buildings are in a suitable condition – important to do due diligence when schools join a MAT – see ISBL guide
- Schools can make urgent requests to LA /ESFA for smaller MATs if something occurs that may cause classroom closure
- Asset Management Plan required for all settings
- Consider DfE Good Estate Management guide – ISBL training
- Use professionals as they will improve bid success and ensure compliance

State-funded schools

State-funded schools (including primary, secondary and special schools for pupils with special educational needs) fall into two main groups:

- Maintained schools—where funding and oversight is through the local authority
- Academies—where funding and oversight is from the Department for Education (DfE) via the Education & Skills Funding Agency – they are run by an academy trust that employs the staff



State-funded schools

- Academies are owned and run by not-for-profit private trusts
- Trusts register as companies with Companies House and are subject to company law
- Controlled and funded directly by central government by means of a contract – a funding agreement – between the trust and the Secretary of State for Education
- This is different to maintained schools essentially run by a governing body in accordance with statutory education law
- In some cases, the trust runs a single 'standalone' academy under contract, and some trusts run a number of academies known as a multi-academy trust



Accountability

- Academies, including free schools, are directly accountable to the Secretary of State for Education, while all other state funded schools are accountable to local authorities. Both are inspected by Ofsted. In theory, academies have more freedom than other state schools over their finances, the curriculum, and teachers' pay and conditions. A key difference is that they are funded directly by central government, instead of receiving their funds from the local authority.
- Academy trusts are classified as part of central government
- Must have Accounting Officer and Chief Financial Officer – both must be appointed by the trust board
- Accounting Officers can be called by the Public Accounts Committee

Accountability

Maintained schools

- CFR codes and LA guidance and accounting procedures
- Local Governing Body – Finance Committee
- Ad hoc audit
- Financial Reporting and statutory accounting via LA



Accountability

Academies

- Funding agreement
- AFH is addendum to Funding Agreement so has to be complied with
- Members and trustees/directors
- Trust board, subcommittees & academy committees
- Must produce statutory accounts per the Accounts Direction
- Monthly management accounts – consolidated and by academy on accruals basis, including balance sheet and cash flow, etc.
- Number of returns: BFRO, BFR, Land and Buildings, AAR, SRMSA Tool – Nov 14th, Internal Audit Findings Summary – Dec 2020



Organisational design, structures and skills deployment

- Pooling budgets
- Top slice
- Management fees
- Size matters
- SATs v MATs v large MATs
- Influencing Schools Forum
- Aggregation and economies of scale



School Business Leadership – the importance of context



General admin

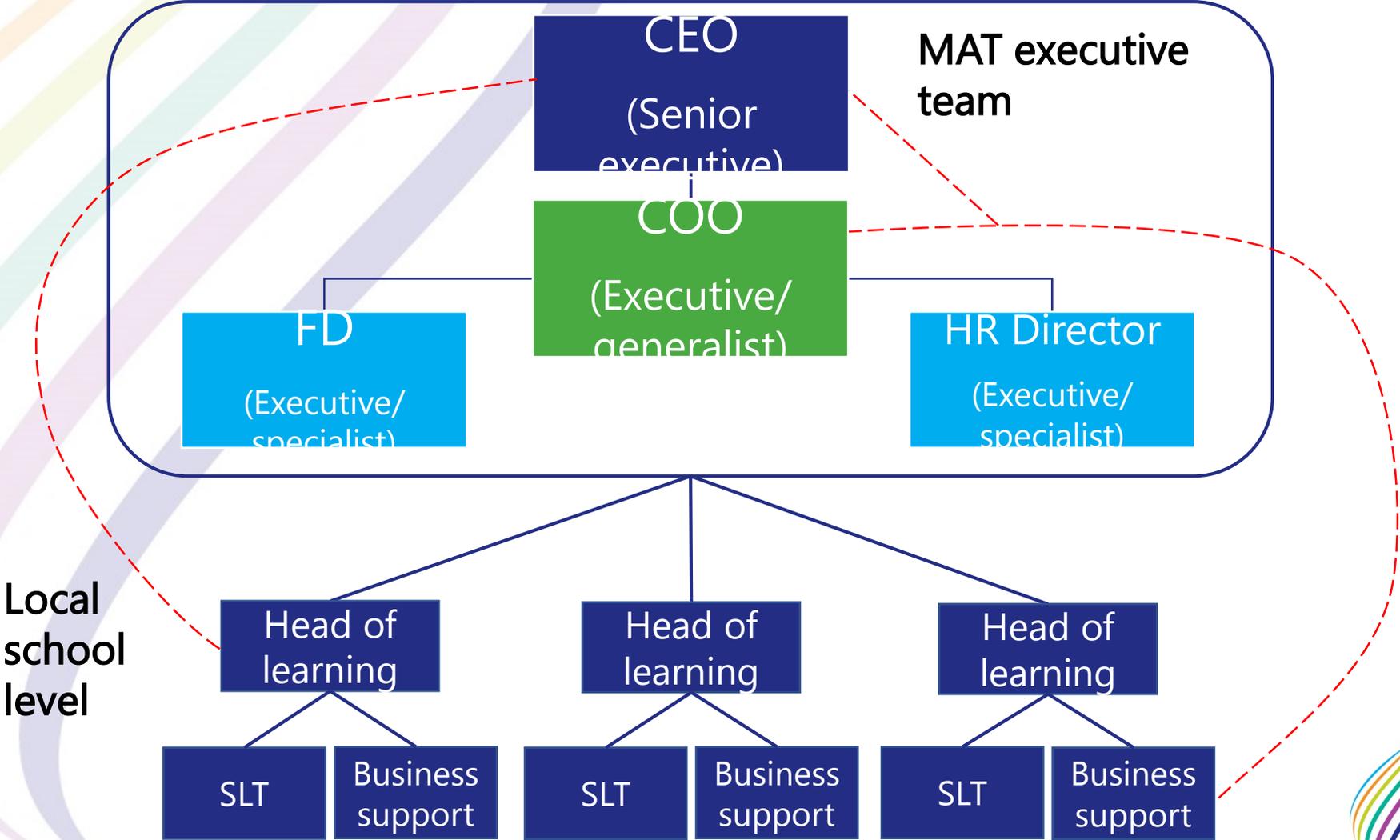
Broad spectrum



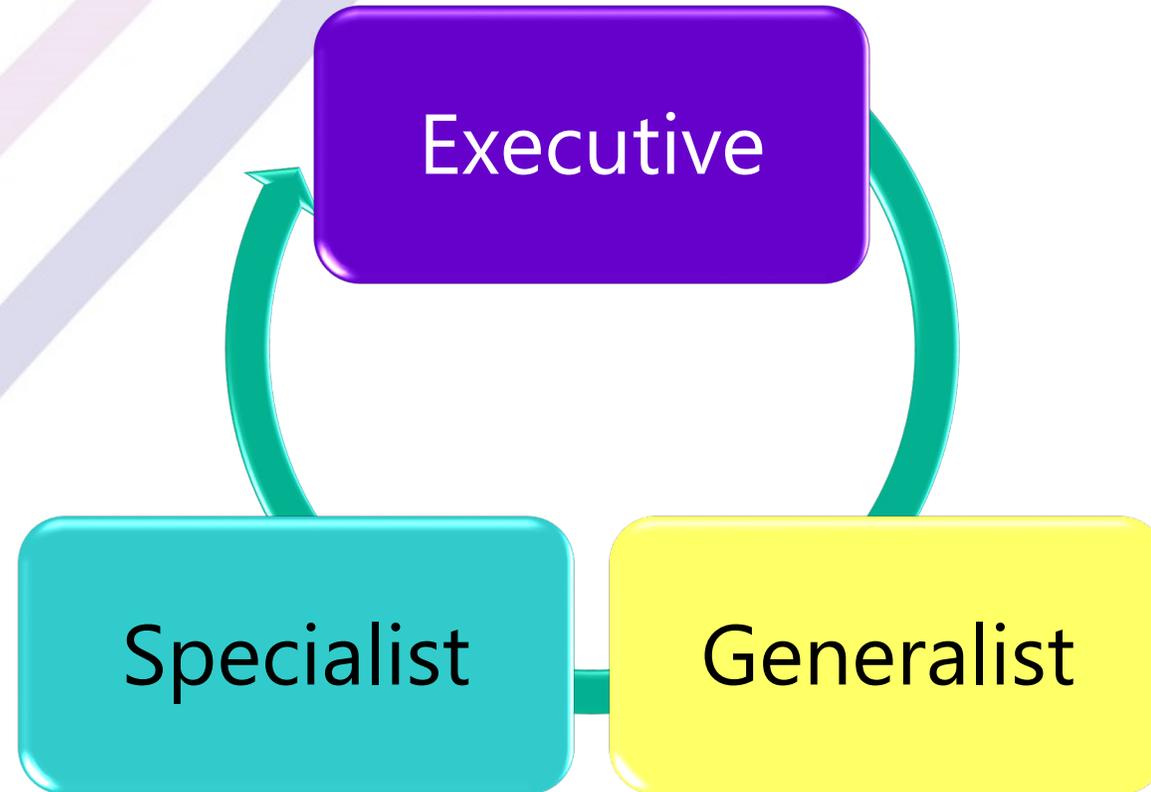
CFO/COO/Chief Executive Officer



Centralisation vs local support



Flavours of leadership



Leadership capacity and competency

| Capacity audit tool | Procurement | Human resources | Marketing | Finance | Infrastructure |
|---------------------|-------------|-----------------|-----------|---------|----------------|
| Head teacher | ✗ 1 | ✗ 1 | ✗ 1 | ✗ 1 | ✗ 1 |
| Deputy head | ! 2 | ✓ 3 | ✗ 1 | ! 2 | ! 2 |
| Assistant head | ! 2 | ! 2 | ! 2 | ! 2 | ✓ 3 |
| Finance director | ✓ 4 | ✗ 1 | ✗ 1 | ✓ 4 | ✓ 3 |
| SBM / bursar | ! 2 | ✓ 3 | ✓ 3 | ✓ 4 | ✓ 3 |
| Administrator | ! 2 | ! 2 | ! 2 | ! 2 | ! 2 |
| Chair of governors | ! 2 | ! 2 | ! 2 | ! 2 | ✓ 3 |
| Committee chair | ! 2 | ✓ 3 | ! 2 | ✓ 3 | ! 2 |
| Governor | ! 2 | ! 2 | ✗ 1 | ! 2 | ! 2 |
| Trustee | ✗ 1 | ! 2 | ! 2 | ! 2 | ! 2 |
| Teacher | ✗ 0 | ✗ 0 | ✗ 0 | ✗ 0 | ✗ 0 |
| Parent | ✗ 0 | ✗ 0 | ✗ 0 | ✗ 0 | ✗ 0 |
| Consultant | ✓ 5 | ✓ 5 | ✓ 5 | ✓ 5 | ✓ 5 |

Competency key:

- 0 = no knowledge
- 1 = limited knowledge
- 2 = intermediate knowledge
- 3 = advanced knowledge
- 4 = expert knowledge
- 5 = expertise covered elsewhere

Professional Standards



Professional Standards

ISBL Professional Standards

Head teacher and governance guidance



Supported by:



nga

NATIONAL
Governance
Association



HAYS
Turning experts
in Education



<https://isbl.org.uk/documents/091136.3362807ISBL%20Head%20teachers%20and%20governance%20guidance%20-%20online%20edition.pdf>



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