



Subject Heading:

**Government consultation -
Implementing the Direct National
Funding Formula**

Report Author:

**Nick Carter – Principal Finance Officer
Schools**

Eligibility to vote:

All representatives

SUMMARY

This report provides a summary of the Government's Consultation 'Implementing the Direct National Funding Formula' and includes the response submitted by the Local Authority

RECOMMENDATIONS

That the Schools Funding Forum notes the report and the possible implications for future funding.

REPORT DETAIL

Introduction

Following the publication of the Government's response to the consultation 'Fair school funding for all: completing our reforms to the National Funding Formula' a follow up consultation was launched in June 2022. This was just prior to the meeting of the Schools Funding Forum held on 16th June 2022 and a summary of the contents of the consultation were circulated at the meeting. This summary is included at Appendix A.

The full consultation can be found at:

https://consult.education.gov.uk/funding-policy-unit/implementing-the-direct-national-funding-formula/supporting_documents/Implementing%20the%20direct%20national%20funding%20formula%20%20government%20consultation.pdf

The response submitted by the LA can be found at Appendix B.

Funding for growth and falling rolls

The consultation includes proposed changes in the way that LAs are funded for growth and falling rolls and on the way that funding can be allocated to schools and academies. This part of the consultation is likely to have the biggest impact in Havering.

In 2019-20 the DfE introduced a formula for the allocation of funding to LAs. This reduced the funding received by Havering from £3.3m to £2.5m. Funding has since reduced to £1.5m. Each year since 2019-20, the Schools Funding Forum has agreed to the use of additional funds from the DSG Schools Block to support growth and falling rolls. For 2022-23, £681k additional funding was used. It is not clear from the consultation document whether such a transfer will be permitted when reforms are implemented.

Greater DfE direction on the mechanism for allocating funding for falling rolls looks likely to reduce the sums received by schools and academies in Havering. The precise impact will not be known until details are provided on how LAs are permitted to allocate funding. These may be included in the Government's response to the consultation but this is more likely to simply outline the general approach, with details provided at a later date.

Implementing the direct National Funding Formula – Government consultation

Closes 9th September 2022

Key points that may impact on schools and academies in Havering

Flexibility to transfer funding to high needs

The DfE are proposing that this remains and that LA are provided with a menu from which to select options on how to adjust NFF and a menu to select which schools to include in the transfer of funds out of NFF.

Question 1

1. Do you agree that local authorities' applications for transfers from mainstream schools to local education budgets should identify their preferred form of adjustment to NFF allocations, from a standard short menu of options?
2. Do you have any other comments on the proposals for the operation of transfers of funding from mainstream schools to high needs?

Indicative SEND budget

Question 2

Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?

Growth and falling rolls

Two options for the allocation of funding to schools were put forward. One retaining some local input (DfE preferred option) and one a fully national formula.

Local option. LAs would be funded by a formula looking at growth and falling numbers in Medium Super Output Areas. This would effectively be another 'Block', or ring-fenced grant..

There would be a requirement for consistency, predictability and a standardised procedure. There would be additional requirements set by the DfE around the operation of falling rolls funding. In addition to support schools with growth and falling rolls, LAs would be able to spend this funding on repurposing spare capacity.

Local growth criteria would remain subject to EFSA scrutiny.

There would be a minimum threshold for a decline in roll funding and a standard calculation for funding based on expected future increases in roll.

Question 3

Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?

Question 4

Do you believe that the restriction that falling rolls funding can only be provided to schools judged "Good" or "Outstanding" by Ofsted should be removed?

Question 5

Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?

Question 6

Do you agree that we should explicitly expand the use of growth and falling rolls funding to include supporting local authorities in repurposing and removing space?

Question 7

Do you agree that the Government should favour a local, flexible approach over the national, standardised system for allocating growth and falling rolls funding; and that we should implement the changes for 2024-25?

Popular growth

Academies have been able to have funding based on estimated numbers where growth was anticipated. The DfE are considering whether this should be extended to LA maintained schools too with a case by case application.

Question 8

Do you have any comments on the proposed approach to popular growth?

Premises funding

Question 9

Do you agree we should allocate split site funding on the basis of both a schools' 'basic eligibility' and 'distance eligibility'?

Question 10

Do you agree with our proposed criteria for split site 'basic eligibility'?

Question 11

Do you agree with our proposed split site distance criterion of 500m?

Question 12

Do you agree with total available split sites funding being 60% of the NFF lump sum factor?

Question 13

Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?

Question 14

Do you agree with our proposed approach to data collection on split sites?

Question 15

Do you have any comments on our proposed approach to split sites funding?

Question 16

Do you agree with our proposed approach to the exceptional circumstances factor?

Question 17

Do you have any comments on the proposed approach to exceptional circumstances?

Minimum Funding Guarantee

Question 18

Do you agree that we should use local formulae baselines (actual GAG allocations, for academies) for the minimum funding guarantee (MFG) in the year that we transition to the direct NFF?

Question 19

Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?

Question 20

Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?

The annual funding cycle

Proposed transfers to the High Needs Block would need to be submitted to DfE in the autumn.

Question 21

What do you think would be most useful for schools to plan their budgets before they receive confirmation of their final allocations: (i) notional allocations, or (ii) a calculator tool?

Question 22

Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget planning?

Question 23

Do you have any comments on the two options presented for data collections in regards to school reorganisations and pupil numbers? When would this information be available to local authorities to submit to DfE?

De-delegation

Question 24

Regarding de-delegation, would you prefer the Department to undertake one single data collection in March covering all local authorities, or several smaller bespoke data collections for mid-year converters?

Question 25

Do you have any other comments on our proposals regarding the timing and nature of data collections to be carried out under a direct NFF?

Developing the schools NFF - timeline

- Split sites: Subject to the outcome of this consultation, the DfE plan to make changes to the split sites factor in the 2024-25.
- Exceptional circumstances: Depending on the outcome of this consultation, the DfE would propose to implement changes to the exceptional circumstances factor at the time of the introduction of the direct NFF.
- Growth funding: Depending on the outcome of this consultation, the DfE could implement changes to the growth factor in 2024-25
- Area cost adjustment: the DfE plan to update the Area Cost Adjustment (ACA) methodology in light of the updated GLM data published by DLUHC, with changes coming into force in 2024-25.
- Private Finance Initiative (PFI): the DfE plan to consult on options for reform to the PFI factor in advance of the introduction of the direct NFF.

Response ID ANON-VMYX-T5BP-F

Submitted to Implementing the direct national funding formula
Submitted on 2022-09-08 14:47:33

Introduction

What is your name?

Name:

Nick Carter

What is your email address?

Email:

nick.carter@haverling.gov.uk

Are you responding as an individual or on behalf of an organisation?

Organisation

What is the name of your organisation?

Organisation:

London Borough of Havering

What type of organisation is this?

Please pick the organisation you belong to.:

Local Authority

What local authority area are you or your organisation based in?

Please select:

Havering

Would you like us to keep your responses confidential?

No

Reason for confidentiality (optional):

Interaction between the direct NFF and funding for high needs (1)

1 Do you agree that local authorities' applications for transfers from mainstream schools to local education budgets should identify their preferred form of adjustment to NFF allocations, from a standard short menu of options?

Yes

If you have any comments on this question or on other aspects of the operation of transfers of funding from mainstream schools to local authorities' high needs budgets, please give these below. Please limit your answer to 200 words.:

Yes, we agree there should be a menu of options. We would like to see the option of making the transfer prior to the allocation of the formula as per the current arrangements.

We would like to see the threshold for transfer requiring Secretary of State approval to be increased to 1% to assist LA in meeting High Needs pressures.

The increased threshold could be restricted to LAs with DBV support. As at present any transfer would require the approval of the Schools Forum.

If the transfer is to be incorporated in the formula then MPPL, MFG and Cap should be applied to the sum the school is actually receiving post transfer.

Interaction between the direct NFF and funding for high needs (2)

2 Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?

Yes

Following the split of DSG in 2012-13 into the blocks, LAs have different levels of notional SEND within the formula, and this raises the question of how the DfE will be able to bring all LAs to the same level.

If the notional SEN is set at a higher level than at present in an LA, this could reduce pressure on the High Needs Block but pass that pressure onto the Schools Block. Schools would appear to have more funding for High Needs in their formula allocation and thus require less in the form of top-ups from the High Needs Block. Schools total formula funding will, however, have remained unchanged.

Growth and falling rolls funding

3 Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?

We would like to retain the current flexibility with the funding mechanism determined locally with Schools Forum agreement. Alternatively, again with Schools Forum agreement to have the ability to allocate funding above a prescribed DfE minimum.

4 Do you believe that the restriction that falling rolls funding can only be provided to schools judged “Good” or “Outstanding” by Ofsted should be removed?

Yes

5 Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?

We would like to retain the ability to increase the allocation of funding for Growth and Falling Rolls from the overall Schools Block allocation. This would be a pre formula deduction and require Schools Forum approval. To ensure consistency the deduction from the Schools Block should be on the same basis as any deduction for High Needs.

6 Do you agree that we should explicitly expand the use of growth and falling rolls funding to supporting local authorities in repurposing and removing space?

Yes

7 Do you agree that the Government should favour a local, flexible approach over the national, standardised system for allocating growth and falling rolls funding; and that we should implement the changes for 2024-25?

Yes

8 Do you have any comments on the proposed approach to popular growth?

For consistency the same approach should be adopted for maintained and academy schools. Schools may gain on popularity for a numbers of reasons unrelated to whether or not they are part of a MAT. Detail is needed from the DfE on how this will operate in practice and if and when any additional funding will be provided for such growth.

Premises funding

9 Do you agree we should allocate split site funding on the basis of both a schools’ ‘basic eligibility’ and ‘distance eligibility’?

Not Answered

10 Do you agree with our proposed criteria for split site 'basic eligibility'?

Not Answered

11 Do you agree with our proposed split site distance criterion of 500m?

Not Answered

12 Do you agree with total available split sites funding being 60% of the NFF lump sum factor?

Not Answered

13 Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?

Not Answered

14 Do you agree with our proposed approach to data collection on split sites?

Not Answered

15 Do you have any comments on our proposed approach to split sites funding?

We have no view on questions 9 - 15 as there are no split site schools in the LA.

16 Do you agree with our proposed approach to the exceptional circumstances factor?

Yes

17 Do you have any comments on the proposed approach to exceptional circumstances?

We agree that funding for amalgamating schools being taken out of "Exceptional Circumstances". We would like the 70% protection for year 3 to be standard and not require DfE approval. The inability to guarantee funding for the third year provides uncertainty in forecasting funding for future years.

Currently, the LA is not able to guarantee the 70% protection to schools where amalgamation is being considered.

Other than amalgamation, we do not have any schools with exceptional circumstances.

The minimum funding guarantee (MFG) under the direct NFF

18 Do you agree that we should use local formulae baselines (actual GAG allocations, for academies) for the minimum funding guarantee (MFG) in the year that we transition to the direct NFF?

Yes

19 Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?

No

20 Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?

We believe the figures from the last APT submission, pre direct NFF allocation, should be used as the basis for calculation of MFG. This reflects the actual allocation schools received and leads to the least turbulence.

We agree with the proposal for the removal of disapplication for new all-through schools in the calculation of MFG.

The annual funding cycle

21 What do you think would be most useful for schools to plan their budgets before they receive confirmation of their final allocations: (i) notional allocations, or (ii) a calculator tool?

Unsure

22 Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget planning?

We think it would be helpful for both notional allocations and a calculator tool to be made available. Any earlier announcements would be welcomed, in particular the current final allocation currently scheduled for mid-December release. We are aware of the Government's funding cycle, and the possible impact of the autumn financial statement but an earlier release, even in a provisional basis would be welcome.

23 Do you have any comments on the two options presented for data collections in regards to school reorganisations and pupil numbers?

When would this information be available to local authorities to submit to DfE?

Our response to this is dependent on the outcome to this consultation. Further details of the chosen pathway are needed before forming a view.

24 Regarding de-delegation, would you prefer the Department to undertake one single data collection in March covering all local authorities, or several smaller bespoke data collections for mid-year converters?

One single data collection

25 Do you have any other comments on our proposals regarding the timing and nature of data collections to be carried out under a direct NFF?

As for Q23, further details of the chosen pathway are needed before forming a view.