

DfE Consultation Response - Implementing the Direct National Funding Formula (NFF) Paper

Key Messages

Forum members are asked to note:

- Results of previous consultation – all LAs to move 10% closer to NFF in 2023-24 onwards.
- All NFF factors to be used now as mandatory.
- Full implementation planned within 5 years, no later than 2027-28.
- Further consultations relating to premises factors: PFI; Split Sites.
- Proposals include:
 - Local MFG baselines to be used upon full implementation.
 - Block transfers will now need to be applied for to Secretary of State.
 - Growth funding to become formulaic with limited flexibilities based on net figures.
- Further consultations depend on High Needs Green Paper outcomes.
- The response to the consultation.

1. Introduction/background

- 1.1. The Department for Education (DfE) launched the latest consultation relating to how and how fast LAs should move towards the full implementation of the National Funding Formula (NFF).
- 1.2. The consultation opened on the 7 June and closed on the 9 September.
- 1.3. The Schools Forum Funding Working Group worked on the proposed response to the Consultation, with officers, and agreed the response as per the attached Response to the Consultation document.
- 1.4. The main points considered within the consultation are highlighted in this report.

2. Completing the Reforms to the National Funding Formula (NFF) Consultation Stage One

- 2.1. The DfE announced the results of first consultation on 28 March 2022, that they will start transitioning towards the NFF from 2023-24.
- 2.2. They will require all Local Authorities to use all NFF factors in their local formulae.
- 2.3. Local Authorities will be required to move 10% closer to the NFF values set, except where they mirror the NFF, the DfE will set a minimum and maximum value for 2023-24.

- 2.4. Local authorities to use the NFF definition for the English as an Additional Language (EAL) factor (although flexibility over the sparsity factor methodology will remain in 2023-24).
- 2.5. The approach to transition in subsequent years will depend on the impact in the first year.

3. Implementing the National Funding Formula – Stage Two Consultation

- 3.1. The latest consultation seeks views on the next stages of implementing the full National Funding Formula looking at:
 - premises factors
 - block transfers
 - annual funding cycle
 - growth and falling rolls funds
 - operation of the MFG.
- 3.2. **Timeframe** – the DfE stated that they will look to implement the NFF in full within the next five years, although they would like to implement sooner rather than later. They have put forward legislation changes on 22 May 2022.
- 3.3. There will be further consultations on related funding issues such as the consequent reforms to high needs funding arrangements following the ongoing consultation on the SEND and alternative provision Green Paper.

4. Transfer to High Needs

- 4.1. Local Authorities will still be allowed to transfer funding to the High Needs Block but will have to apply to the Secretary of State and provide the following information, even if it is below 0.5% threshold:
 - the amount of the transfer requested;
 - the period over which the transfer is requested (e.g., if it is for more than one year);
 - the reason for the transfer request (i.e. what the funding would be used for);
 - and how and which mainstream schools' allocations would be affected.

5. Growth and Falling Rolls

- 5.1. The proposal is to implement from 2024-25. The DfE will re-baseline growth funding nationally to reflect current spending patterns and set at 2023-24 actual spend and allocate funding based on net growths and declines not just growth in Middle Super Output Area (MSOA) level data.
- 5.2. There are two options of funding growth:
 - **Option 1** – (DfE preferred option under direct NFF) some Local flexibility will be allowed but they will place restrictions in finance regulations around what can be funded e.g. Basic Need only, Infant Class Size.

- Refine the methodology – minimum requirement of £2k Primary and £3k secondary used.
- Allow LAs to use growth/falling rolls for repurposing and removing surplus places.
- Allow popular growth for maintained schools, case by case basis, who provide evidence of recent improvements of school performance using assessment data.
- **Option 2 – a standardised formula**
- LAs to submit data based on schools due to grow.
- Local authorities to submit data based on schools due to grow.
- DfE publish national eligibility criteria.
- DfE provide standardised funding amounts.
- Operate a mid-year adjustment for pupils who do not materialise.

6. **Falling Rolls**

- 6.1. The proposal is to implement from 2024-24, and place requirements on how LAs operate falling rolls policies. The DfE will standardise eligibility criteria and funding methodology. They will require local authorities to use their School Capacity Survey (SCAP) data and are considering whether to retain Good or Outstanding eligibility criteria.

7. **Premises Factors (PFI, Split Sites)**

- 7.1. Further consultations will take place relating to PFI, this consultation focuses on split sites in particular.
- 7.2. The proposed implementation date will be from 2024-25 and there will be a limited set of criteria on which funding will be based, and a maximum level of funding allocated, this being 60% of the NFF Lump Sum equating to £75k.
- 7.3. The allocation will also be split based on 40% of the allocation relating to basic eligibility i.e. sites must be separated by a road and 20% based on distance i.e. sites must be more than 500m apart (0.3 miles).
- 7.4. Schools with more than one site will have a maximum of three sites funded and data will be collected in the 2023-24 APT.
- 7.5. There are a handful of schools in Sheffield that are in receipt of split site funding, the main impact for Sheffield relates to two secondary schools who receive £200+ in split site funding. Any loss of funding, however, would be protected by the current level of the MFG in place.

8. **Minimum Funding Guarantee (MFG)**

- 8.1. The DfE to merge the NFF Floor and MFG into one single protection mechanism refer to it as MFG which becomes an all pupil-led protection.

- 8.2. The proposal is to use the local formulae baselines for the MFG in the year when the DfE introduces the direct NFF. For clarity this means academies' actual general annual grant (GAG) will be used.

9. Annual Funding Cycle

- 9.1. Currently the DfE publishes the NFF factor values and any structural changes to the NFF for the subsequent year's NFF, in July. LAs create local formulae in the Autumn Term and publish in February, the Education and Skills Funding Agency (ESFA) publishes academies' budgets in March. Under a direct NFF LAs will no longer prepare funding formulae and all other features of the cycle will remain unchanged.
- 9.2. LAs to consult by Autumn on de-delegation and High Needs transfers and the Schools Block Dedicated Schools Grant (DSG) NFF allocations will no longer be published in December.
- 9.3. The DfE will gather information from LAs in December, but in January for premises, growth etc. The DfE to publish final allocations in February and March (maintained and academies) ultimately all schools will be academies by 2030.
- 9.4. Schools have two options of receiving information:
- Continue to receive NFF published allocations in July based on the same pupil numbers (if numbers are changing the following year, schools should be adjusting allocations accordingly) but schools will have earlier knowledge of final formula that would apply to them.
 - Schools can input October census pupil numbers and characteristics in a portal and have an indication of their NFF calculated.
- 9.5. These allocations would not have however, de-delegated amounts deducted or any transfer to high needs deducted.

10. Recommendations

Forum members are asked to:

- 10.1. Note the contents of the consultation, and
10.2. Note the consultation response.