

## Implementing the Direct National Funding Formula

### Consultation Response

#### Question 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 / No / Unsure**

Do you have any other comments on the proposals for the operation of transfers of funding from mainstream schools to High needs?

It is imperative that local authorities remain able to make transfers between the schools and the high needs block given as it essential that the financial crisis being seen in high needs is a shared responsibility and mainstream schools are a significant element of the SEN system.

We would like some clarity over the decision-making process. Early paragraphs refer a Secretary of State approval and later ones refer to a review the role of the Schools Forum within the proposed partnership arrangements.

In reality within the NFF there are limited options to reduce school budgets particularly given the protections within it and all result in an uneven spread of the impact across schools. We would argue that the most equitable factor to reduce is the minimum per pupil funding level as this would create a wider spread of impact, the consultation states that the Secretary of State would take into account the local authority view on this and the minimum funding guarantee which appears contradictory.

We would also ask for clarity on the intended role of the local partnership in a transfer. Whilst we would agree that there needs to be total transparency in respect of a transfer and the drivers for it but this is a purely financial transaction between schools and their local authority. If partnerships are to have a role in this transaction then there should be an expectation of funding from within the partnership.

We welcome the criteria to be used in determining a request for a transfer but are surprise to see that the consultation states 'continue the use' particularly in respect of the third criteria '*Strong evidence of a transfer of financial responsibility for children with high needs from mainstream schools' NFF funding....*' and we would like to see some clarity over how this will be assessed given there is no visibility of SEN spend within either mainstream schools and academies.

#### Question 2

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

Yes /  No /  Unsure

An indicative SEN budget is an anomaly given that it isn't ringfenced and can be spent in whatever way the Governing Body see fit. It is widely misunderstood in schools and often the SENCO has no visibility of it. If the Direct NFF is to be delivered, then it is difficult to see the place for a locally defined calculation.

We would welcome some guidance for school setting out the correlation between the NFF factors and the incidence of SEN. We feel that there is a lack of understanding in schools about what the NFF factors mean in terms of education provision for the categories of pupils that generate the additional factors.

We would welcome a review of the threshold for Element 3 funding across the entire funding system, they have been in place now for some while and increases in pay and pension costs are now totally outdated.

The Green Paper sets out the expectation of needs met within mainstream. It is essential that any rebalancing of funding, or changes in thresholds, to achieve that is appropriately funded and local authorities are not left with high needs deficits and funding being transferred to schools to meet this ambition.

### 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 fund?

Some form of standardisation with some local flexibility would appear to be appropriate. We would not be in favour of any system that meant that unused growth funding would revert back to the DfE given the exceptionally unstable and unpredictable profile of growth particularly in respect of new housing.

We would not support a system that allocates a specific unit of funding that is not linked to the NFF, we would suggest the use of an 'average per pupil' funding unit but would wish to see some assurance that the allocations for local authorities would be reflective of the allocations to schools

### 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?

Yes /  No /  Unsure

Dips in pupil numbers can be created by an adverse OfSTED judgement, in many cases aspirational actions will be taken by either local authorities or MAT's to

address performance. It is important that such schools are supported and indeed may be the only school within their community. A restriction based upon an OSTED judgement is not appropriate where barriers to improvement may be funding

#### Question 5

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

The rate of growth in places is influenced by a number of things outside a local authorities control the significant issue being the rate of housing growth which in turn is influenced by the national economic outlook. Whilst re-baselining on more recent data would seem appropriate the pattern of historic spend cannot be used a predictor of future spend on growth.

The consultation mentions SCAP data for capital and MSOA data for revenue at different points but there is no clarification on whether the objective is to move to a single data collection feeding growth and falling rolls funding allocations or which it would be, nor is there any information of any correlation of pupil numbers predicted between the two different methodologies. The consultation does not clarify whether it will be a requirement to operate a falling rolls fund. Historically local authorities will have had specific reasons for doing so which may not be relevant to the future and the 'equitable' funding system advocated by the DfE.

#### Question 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 /  No / Unsure

There is a clear need for growth funding and clear data to support its need, there is less so for falling roll funding and even less for surplus capacity.

Any reconfiguration of space is likely to incur capital costs which is not eligible to be charged to DSG under current rules. Your consultation also refers to the use of surplus space for SEND provision, this funding is within the Schools Block and to use in this way is deemed to be a transfer to High Needs which would require consultation and approvals. This proposal needs far more consideration that given in this consultation.

Additionally, the identification of surplus capacity in academies is something that local authorities simply do not currently have robust data. This would be a significant new requirement for authorities at a time where resources are already stretched to breaking point.

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?

Yes /  No / Unsure

Question 8

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

We would like to revert to a system where basic needs growth is the only growth funding given with popular growth remaining to be dealt with under lagged funding within the NFF.

With a funding system with an objective of 'simple and transparent' there is no place for funding by application

Popular growth is a flawed concept and it is exceptionally difficult to determine the line between it and basic need. However, there is no place in an equitable funding system for MAT's to access funding not available to maintained schools in exactly the same manner and through the same process. Changes in popularity can be driven by a number of things and not just improved performance which in reality takes some time to achieve, it can also though be the result of aggressive marketing some of which is delivered through negative points and views on other schools.

A local system will not totally align with the manner in which local authorities will be funded and could result with local authorities being left with unrecoverable school block deficits

Question 9

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

Yes / No / Unsure

Question 10

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

Yes / No / Unsure

Question 11

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

**Criterion for distance should be shorter /  Criterion is about right / Criterion should be longer / Unsure**

Question 12

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

**Yes /  No / Unsure**

Question 13

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

**Distance eligibility should be given lower weighting / The weighting is about right / Distance eligibility should be given a higher weighting / Unsure**

Question 14

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

**Yes /  No / Unsure**

Question 15

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

We understand the aim of this proposal but feel that it is based on flawed thinking. Firstly there is no evidence to support the amount allocated to the Lump Sum within the NFF, nor as we can see from the consultation that a split site should be 60% of whatever figure is being used for it.

We would also like to content that costs are likely to be higher from the very presence of a split site rather than the distance from the school so the weighting should he higher on eligibility and lower on distance as a result.

Many schools have permanent use of their site by another school whether that be for early years or SEND provision which attracts fees to their school that will be variable based on decisions in that hosting schools. Consistency of this factor is important but

there should also be some consideration of some national standardisation of fees levied by schools on other DSG funded users of their site.

Question 16

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

Yes /  No / Unsure

Question 17

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

Exceptional circumstances funding is such a minor, albeit important for small schools, budget allocation. Our experience of its use it that it as been allocated to exceptionally small schools where either size or location means that physically their building cannot provide the environment needed. If our experience is replicated nationally we would propose that the exceptional circumstance factor is removed and a differential lump sum introduced for exceptionally small schools which would introduce consistency and provide schools with financial stability.

Initial and future turbulence should be moderated by the protection mechanism, we would wish to see any protection mechanism to recognise that for very small schools the loss of a single pupil can have a significant adverse and destabilising impact on their budget which can impact over multiple years.

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?

Yes / No / Unsure

Question 19

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

Yes / No / Unsure

Question 20

Do you have any comments on our proposals for the operation on the MFG under the direct NFF?

As it stands currently it is almost impossible to explain how protection within the current NFF works and indeed what it is protecting against.

However, we do remain concerned about protection purely on pupil led factors given the apparent imbalance between universal and additional funding which has been further exacerbated within the 2023/24 NFF. Vert small schools can see a significant change in funding levels as a result of changes in pupil numbers and this affects their ability to offer a wide curriculum and remain financially sustainable so we would also ask for some consideration for some level of protection on overall budget.

Question 21

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

**Notional allocations / Calculator tool / Unsure**

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?

A July announcement of the following years settlement has improved the ability to financially plan. However we are concerned about the capacity and level of skills within schools to effectively use that information. The pattern we have consistently seen in school financial planning is year 1 ok, year 2 move to deficit and year 3 deficit grows but that reality never materialises.

We have invested in tools an training to encourage school to move out of what can be seen as one year planning cycles. There needs to be more support for headteachers, governors and business managers to do so.

A financial planning tool linked to the NFF would be a significant step forward, it should not be overly complicated, simple to use and understand and allow for scenario planning. Consideration should also be given to encouraging school s to use this rather than locally defined models. Investment would be needed to facilitate this which also should be linked to minimum qualification levels for business managers.

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 the DfE?

It is totally inappropriate for local authorities to be required to provide information on split sites and exceptional factors, the definition used locally will be set out in the APT as will the schools that benefit from them, if the funding arrangement is directly between the school and the DfE then the DfE should be responsible for data collection.

The proposals convey significant workloads to local authorities to support the growth proposals which will be a new responsibility for local authorities and should be funded accordingly. Whilst the sufficiency duty rests with local authorities there are school reorganisations that happen for other reasons, the business case for which sit with the Regional Schools Commissioner for approval, local authorities are advised of these so for many reorganisations that data is sitting outside local authorities.

Question 24

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

**Single data collection** / several smaller data collections / unsure

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?

We would welcome consideration by the DfE on other data collections already in the system collecting much of the data set out within this consultation such as the termly school census, this would release local authorities of what could be a significant and unfunded burden moving forward given the aspiration for a MAT led education system from 2030.

Whilst not directly included in this consultation we are also exceptionally disappointed that there remains too much flexibility for MAT's to move funding between schools and could result in there being a national funding system but no schools funded by it given the ability to pool GAG. At its absolute extreme this could mean that there could be thousands of different funding formulae rather than the



controlled 150 versions pre funding reform rendering all the objectives reform unachieved and irrelevant.

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