

**TITLE OF REPORT: Direct National Funding Formula Consultation**

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**Purpose of the Report**

1. To bring Schools Forum's attention the second stage consultation on implementing the Direct National Funding Formula (DNFF) for mainstream schools, and to ascertain if Schools Form would like to submit a response to this consultation.

**Background**

2. Following on from the schools policy paper issued in March the Department for Education (DfE) issued a consultation on moving further towards a DNFF for mainstream schools. The consultation will be open from the 7 June 2022 to the 9 September 2022.
3. The consultation states that the DfE's intention to start to move towards the DNFF from funding year 2023/24, but states that there will still be some local flexibility. The flexibility includes the continued ability for local authorities (LA's) to move funding from the schools block to the high needs block of the dedicated schools grant (DSG). Mainstream schools will continue to have a notional SEND budget, but the DfE are looking for all LA's to have a standard calculation.
4. The consultation also includes proposals on growth and falling rolls funding and how the scope of this funding could be widened to assist LA's in managing schools places for both growing schools and schools with falling rolls, and a more standard approach to allocating funding.
5. There are also proposals on premises factors within the consultation. Private Finance Initiative (PFI) will be subject to a further consultation due the complexities of the different schemes.
6. The DfE intend to implement the proposed split sites changes from 2024-25, but exceptional circumstances factor will be implemented at the same time as the DNNF and will be limited to specific categories such as farm schools, rental agreements or dual or joint use agreements. The DfE will require re-applications for any exceptional circumstances funding and would expect very few applications for new exceptional circumstances going forward.
7. It is proposed to change the calculation method of the minimum funding guarantee (MFG) to exclude school led factors when the DNFF is introduced.
8. The draft Council response is attached in Appendix 1. What has been difficult with this consultation is to understand the possible financial implications of some of the

proposals as there is not enough information in the consultation to have an informed opinion.

### **Proposal**

9. It is proposed that Schools Forum notes the information in the report, the draft Council response to this stage 2 consultation and decides if Schools Forum wishes to respond to this consultation.

### **Recommendations**

10. It is recommended that Schools Forum notes this report and decides if a response should be submitted in the name of Gateshead Schools Forum.

For the following reasons:

- To ensure Schools Forum is aware of the DfE consultation and can respond to it if desired.

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**Carole Smith Ext. 2747**

## Appendix 1

# Direct National Funding Formula Consultation

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**

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.

[Will the DfE provide an updated APT with the current years data, but with MFG calculations updated to enable LA's to model proposal's to top slice the schools block to enable LA's to provide information in the required consultations?](#)

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

**Yes**  No  Unsure

If you wish to explain your answer, please do so here. Please limit your answer to 200 words.

[There should be a standardised calculation ensure the calculation is standardised across all mainstream schools in England. Will there be any consultation on the factors and percentages involved in the calculation?](#)

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?

Please limit your answer to 200 words.

[Will growth and falling rolls funding be able to be channelled through the APT by varying the pupil numbers? Will there also be the opportunity for growth and falling rolls funding to be held centrally for distribution outside of the APT?](#)

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

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

Please limit your answer to 200 words.

[It would be useful to see some modelling of this proposal so that LA's can see the impact the proposed change would have on funding.](#)

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

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**

It would be useful to see some modelling of the possible impacts of this proposal so that informed decisions can be made.

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

Please limit your answer to 200 words.

The extension of popular growth funding to maintained schools is welcome. However, this should be allocated on the same basis as academy schools and therefore maintained schools and local authorities should not have any additional “hoops” or data collections to complete to access this funding.

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**

10. Do you agree with our proposed criteria for split site ‘basic eligibility’?

Yes  No  **Unsure**

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

The distance criteria should be shorter  That is about the right distance  The distance criteria should be longer  **Unsure**

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

The funding should be higher  That is about the right amount of funding  The funding should be lower  **Unsure**

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

The distance eligibility should be given a higher weighting  That is about the right weighting  The basic eligibility should be given a higher weighting  **Unsure**

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

Yes  No  **Unsure**

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

It would have been useful to see some worked examples and the effect on schools that currently receive split site funding. What about academies that have acquired a new site that local authorities are unaware of?

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

Yes  No  **Unsure**

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

Please limit your answer to 200 words.

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

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

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

Please limit your answer to 200 words.

Schools rely on both pupil led and school led factors to set their budgets and as such both areas of the formula should be protected. If a situation arose where a factor should not be protected, then this could be part of the data collection exercise that LA's will undertake to provide the DfE with the information required to calculate school budgets.

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?

**Notional allocations**  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?

Please limit your answer to 200 words.

Notional allocations would be most useful to schools. A calculator tool might be too complex for some schools to use. What might be best is a hybrid approach where a calculator tool is published with schools' notional allocations where schools can update certain sections e.g. pupil numbers, number of FSM and FSM6 pupils etc..

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?

Please limit your answer to 200 words.

The second option using the pre-populated data as a data check could be carried out to prevent issues occurring later in the funding year.

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  Several smaller bespoke data collections  **Unsure**

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?

Please limit your answer to 200 words.

Under the direct national funding formula, if de-delegation is not collected in some way as it is currently, how will the DfE know how much should be allocated to schools? Or will the DfE issue a tool to LA's once allocations have been calculated using the direct NFF to enable agreed de-delegation to be calculated and net budgets issued to maintained schools?