

Wiltshire Council

School Funding Working Group: 23 September 2022

Schools Forum: 6 October 2022

Consultation - National Funding Formulae for Schools– 2023-24

Purpose of report

1. This report is presented to confirm Schools Forum members response to the DfE's second stage consultation regarding implementing the National Funding Formula (NFF) for schools.

Background

2. The Department for Education (DfE) launched its consultation '*Implementing the Direct National Funding Formula*' on the 7 June 2022, with a response date of the 9th September 2022.
3. Due to the timing of the consultation, a special meeting of the Schools and SEN Funding Working Group was convened to address the questions raised in the consultation.
4. The second stage of the consultation focussed on the following areas of school funding.
 - a. Transfer of funding between 'blocks'
 - b. Indicative SEND budgets
 - c. Growth and Falling Rolls funding
 - d. Premises funding – Split Sites
 - e. Premises funding – Exceptional Circumstances (rent of facilities)
 - f. Use of the Minimum Funding Guarantee
 - g. The annual funding cycle
 - h. De-delegation

Response from Schools Forum

5. Following the meeting with the Schools and SEN Funding Working Group, the proposed response was circulated amongst members for perusal, prior to submission in advance of the closing date and a copy of the response is appended to this report.

Proposal

6. Schools Forum to note the content of the report and to consider the questions raised.
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Consultation on the National Funding Formula – Summer 2022

Implementing the Direct National Funding Formula

Government consultation

Launch date 7 June 2022

Respond by 9 September 2022

[Link to Consultation](#)

Background

The Department for Education have launched the second stage of their consultation with stakeholders regarding the implementation of the Direct National Funding Formula (NFF).

Colleagues within the local authority (LA) have worked with members of the Schools and SEN Working Groups to prepare a response to the consultation. The response is being shared with colleagues in schools and governors, to help with submitting their own returns.

Consultation Questions & Working Group Responses

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?

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

Response – Q.1

- a. A short menu of options could be useful to identify any adjustments to the overall NFF funding, however the preferred option from any menu would be a straight % reduction to the overall quantum of funding which would in effect represent a % reduction to all NFF funding factors. This would result in a proportionate impact for all schools.

- b. There should be no requirement to transfer funds between the Schools Block and the High Needs Block of funding. The under-funding of High Needs and SEN in schools is a huge issue and if SEN was funded appropriately, then transfers between Blocks would not be required. The current method of transfer, following consultation with Schools Forum, represents the most transparent and fair operation of agreeing any transfers. Wiltshire ensures that NFF values can be funded through the formula before considering transfers.

Question 2

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

Response – Q.2

Notional SEN is currently the least transparent of all areas of school funding and causes much confusion. Setting a national formula for the notional SEN allocation would ensure consistency nationally for the proportions of AWPU/FSM6 and Low Prior Attainment comprising the notional SEN amount for each school. The amount to be funded by each school towards meeting SEN of any pupil should remain at £6,000.

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?

Response – Q.3

Schools Forum agrees its growth funding criteria annually and would continue to support a model that allows for local flexibility. It is widely recognised that up-to-date information is held locally around place planning, pupil numbers, housing developments and military moves and therefore enabling local discretion would be the most appropriate solution.

Response – Q.4

Wiltshire does not set a falling rolls fund and is not supportive of a falling rolls fund especially one which is limited for Excellent & Good Ofsted inspection outcomes, because falling rolls can be due to several factors not linked to the quality of education in a school. Therefore, if the option of a falling rolls fund is to continue, the application of ‘Good’ or ‘Outstanding’ should be removed.

Question 5

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

Response – Q.5

Retain existing methodology for calculating growth funding allocations. Use of historic data is not supported, this methodology is used to allocate a substantial level of high needs block and this has impacted negatively on Wiltshire’s HNB funding levels, contributing to the DSG deficit.

Do not net off growth in pupil numbers against falls in pupil numbers in different 'Middle Layer Super Output Areas', just use the growth numbers.

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?

Response – Q.6

Yes, as we are anticipating a decline in pupil numbers and therefore rationalisation of space may be required, additional use of the growth fund to repurpose accommodation may be helpful.

Would this only apply to maintained schools only or would it also apply to academy schools?

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?

Response – Q.7

A local approach is far better as it uses local intelligence regarding growth. There is a danger of a national system allocating funding on projected numbers in the Spring, with pupils not firmed up and final decisions not taken.

The prospect of a clawback should not be entertained! Clawback arrangements are wholly inappropriate, incongruous to stability, long term planning and recruitment and retention of teaching staff.

Question 8

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

Response – Q.8

Popular Growth should be available to Academies and Maintained Schools consistently. Funding for popular growth suffers clawback which does not provide stability to schools and is not favoured as it does not work hand-in hand with the LA's place planning strategy and increases volatility amongst school pupil numbers.

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?

Response – Q.9

Yes, the split site allowance should be allocated based on both 'basic' eligibility and 'distance' eligibility for the criteria.

Response – Q.10

Yes, agree with the 'basic' eligibility criteria - split site by public road, distance of 500m, requires buildings and maintenance at both sites, not ancillary buildings e.g., at sports pitches.

Response – Q.11

In Wiltshire, the current distance eligibility criteria of ½ mile is comparable with the proposal, so 500m would be perfectly acceptable. In Wiltshire, this will not bring any more schools into scope.

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?

Response – Q.12

In Wiltshire, an exercise was undertaken which suggested that the lump sum needed to be funded at 76% of the lump sum, to provide for additional reception and administration, caretaking, catering, pastoral support, leadership costs, maintenance, broadband lines, photocopiers and other costs.

Response – Q.13

Funding distance eligibility at twice the rate of basic eligibility is immaterial, it is the size of the lump sum that is important and funding at 60% of the lump sum is too low.

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?

Response – Q.14

Yes, the LA holds data about all schools, including those that would meet any criteria for being eligible for split site funding and would be able to provide data, as required.

Response – Q.15

A higher % to be used, as in Wiltshire. If the threshold is set at 60%, then the split site allowance would need to be captured in the MFG calculation, to ensure transition protection for split site schools seeing a 'drop' in their 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?

Response – Q.16

No, in Wiltshire, we only currently use for rentals of village halls or playing fields for those schools who do not have their own facilities. We use the 0.75% of a school's budget as the threshold, which ensures less than 5% of Wiltshire schools are entitled to the funding. If this threshold were increased to 2.5% then several our schools would no longer be eligible to receive the funding.

However, perversely this could incentivise schools to increase their bookings or rental for their bookings to ensure that they meet the threshold of 2.5% to receive the funding. This feels incongruous to value for money guidance local authorities and schools are bound by.

Setting threshold at 2.5% is too high and again the drop in funding would need to be captured in the MFG calculation, to protect these schools from a drop in funding.

Response – Q.17

As this factor only applies to a minimal number of schools, it is virtually impossible to fund formulaically and needs to be funded on an historic cost basis. Alternatively, it could be funded as a flat extra lump sum for those schools who do not have their own facilities!

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?

Response – Q.18

Yes, schools need to be protected from any significant funding movements during the transition period.

Question 19

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

Response – Q.19

The MFG is one of the least transparent of calculable factors and causes much confusion therefore any simplification based on pupil-led protection is welcomed. Schools should be protected from volatility to ensure strategic planning decisions can be made.

Question 20

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

Response – Q.20

Anything that provides greater transparency and predictability is welcomed. The use of a tool (calculator) to help schools project future entitlement to MFG funding would be helpful.

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?

Response – Q.21

The calculator tool as it can replicate 'actual' NOR and circumstances. Notional allocations do not reflect a change to the pupil cohort in the school.

Response – Q.22

The calculator would be the most helpful tool along with known percentage (%) uplifts in funding rates on a three-year basis. Three-year rolling budgets would be helpful for schools strategic planning. Providing pay inflation estimates would also benefit the DfE as they would then know schools are all setting budgets on the same basis. Some schools may be overly prudent and plan for the worst-case scenario therefore, appropriate levels of funding may not all be allocated to pupils each year.

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?

Response – Q.23

As the October census is still the key driver of data, Local Authorities would be able to provide all other data, PFI, Split Site, Exceptional Premises at a similar time to ensure that the early collection of data by the DfE allows for preparation of budgets in a timely fashion.

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?

Response – Q.24

Just do 1 data collection in March, to catch any converters.

It is an interesting proposal to continue with de-delegation in the new NFF, economies of scale for the LA can be shared with schools, applying a not-for-profit approach. Certainty over income levels allows LA's better planning opportunities. The data collection just needs to be built into the academisation process, nothing more complex than that.

Response – Q.25

Continued use of October census, LA can deliver other funding information and deliver on decisions around transfer between blocks and de-delegation. This all works well in terms of timings for Schools Forum too.