

## **Wiltshire Council**

### **Schools Forum Finance & SEN Working Group 22 May 2023**

### **Schools Forum 8 June 2023**

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#### **DfE Consultation – ‘Implementing the Direct National Funding Formula’**

#### **Purpose of report**

1. To provide an update following the Department for Education (DfE) consultation with stakeholders regarding their reforms to the National Funding Formula (NFF), which took place between June and September 2022.
2. The Government’s response to the consultation was issued in April 2023 and it is planned that many of the changes will take effect in the 2024-25 year. With the aim of creating greater consistency nationally and convergence towards the NFF, the key areas of the consultation included.
  - a. Flexibility for transferring funding between Blocks
  - b. National approach to calculating indicative SEND budgets
  - c. Growth & Falling Rolls Funding
  - d. Split Site Funding
  - e. Rental (Exceptional Circumstances)
  - f. The Minimum Funding Guarantee (MFG)
  - g. The Funding Cycle
3. The DfE have published their response following the consultation and this report sets out the outcome from the responses and the proposed next steps.
4. The report is for information only and it should be noted that this is the second stage of the consultation for implementing the NFF and further consultation is planned on areas including Private Finance Initiative and High Needs funding arrangements.

## Background

5. A link to the DfE's consultation response can be accessed using the link [here](#).
6. The DfE held the consultation on proposed changes to complete their reforms to school funding and move to a "direct" schools NFF. The second stage of the consultation built upon the first stage, a year earlier, and sought views on practicalities of implementing the NFF.
7. The consultation sought views on the approach to reforming areas of the NFF, particularly based upon 'locally set' criteria and the two main factors due for change in 2024-25 will be.
  - a. Operating Growth and Falling Rolls Funds
  - b. Split Site Funding
8. The other main area which was consulted upon was the ability to transfer funding between 'Blocks', in support of the High Needs Block and then the role of calculating indicative SEND budgets for schools (Notional SEN).
9. The consultation reflected the continued DfE journey towards a '**hard**' formula with no or little local flexibility. In Wiltshire, our mainstream formula has been aligned with the NFF and therefore there would be no, or very little impact, on mainstream funding and budgets for Wiltshire schools. However, both the Growth Fund and Split Site funding are based upon locally set criteria.
10. A School Funding and SEN Working Group (Schools Forum) response was compiled and shared with Headteachers, Governors and School Business Managers via Right Choice and Helean's Weekly Newsletter. Wiltshire was well represented with responses from schools, the Diocese, the local authority and Wiltshire Schools Forum. A total of 196 responses were submitted.

## Outcomes from the Consultation

### High Needs

11. The key outcomes for High Needs from the consultation include:

- Continued flexibility to transfer funding to high needs budgets, with a corresponding adjustment to mainstream schools' funding allocations, through an application process to the Secretary of State. (This will include a 'menu' of options for how the transfer will be funded)
- Introduce a national approach to calculating schools' indicative SEND budgets and consult further on the design and operation of this approach, including aligning with the reforms in the Government's SEND and Alternative Provision Improvement Plan.

12. To quote from the consultation response.

*"We can confirm that, in introducing the direct NFF, the Government will allow local authorities to request funding transfers to high needs budgets, and that these requests will draw from a short menu of potential options on how the funding adjustment to mainstream schools should be made".*

*"We continue to think it would be helpful to identify for each school an indicative budget as a guide to the resources that might be needed by a school in supporting its pupils with SEND, and to reinforce the message that schools' core budgets are expected to provide for support to these pupils".*

## **Outcomes from the Consultation**

### **Growth & Falling Rolls Funding**

13. The key outcomes for the Growth & Falling Rolls Fund criteria from the consultation include:
- As part of the transition to a full NFF, to establish and implement minimum criteria requirements in 2024-25, before moving to full NFF standards
  - Local authorities will not be required to provide funding where the growth is as a result of parental choice or academies have admitted above PAN by their own choice
  - The DfE will place minimum requirements on how much funding should be provided
  - The DfE will continue to engage with local authorities and other stakeholders on the particular design of the new requirements – including the minimum funding rates – in advance of publishing final guidance in the Schools Operational Guide in July 2023
  - Removal of requirement for schools to ‘Good’ or ‘Outstanding’ to be eligible to receive Falling Rolls funding
  - Growth funding had previously been allocated on the basis of ‘growth’ in Medium Super Output Areas (MSOA), however funding will now be calculated on both ‘growth’ and significant ‘decline’ in numbers from 2024-25 – further details will be made published in the Schools Operational Guide in July 2023
  - From 2024-25, the DfE will expand the use of growth and falling rolls funding to allow local authorities to fund the revenue costs associated with repurposing or reducing school places. Such funding could support local authorities to repurpose surplus space to create SEND Units or Resourced Bases in mainstream schools
  - The DfE have confirmed that LA’s will retain some local flexibility in the allocation of growth funding to schools, rather than moving to a fully national, standardised system

## Outcomes from the Consultation

### Split Site Funding

14. The key outcomes for the Split Sites Funding criteria from the consultation include;
- The DfE plans to allocate split sites funding nationally on the basis of a formula factor made up of a 'basic eligibility' element and a 'distance eligibility' element from 2024-25
  - 'Basic eligibility' criteria to include.
    - ✓ *To be separated from the school's main site by a public road or railway.*
    - ✓ *To be used primarily for the education of 5 to 16-year-olds.*
    - ✓ *To share a unique reference number (URN).*
    - ✓ *To have a building on a site that is maintained by the school*
    - ✓ *excluding playing fields from being eligible for split sites funding*
  - A split site distance criteria of 500metres is used with a 'taper' from 100metres
  - The DfE are proposing that around 60% of the 2024- 25 NFF lump sum is an appropriate amount for the split site allowance this given that an additional site should cost less to run than the school's main site – this figure is still being reviewed (Wiltshire currently fund at 76% of the lump sum value)
  - Data on split site funding to form part of the annual budget preparation by the LA
  - Schools with split sites which lose funding, or are no longer eligible, as a result of the "formularisation" of the split sites factor will see their funding protected through the minimum funding guarantee (MFG)
15. Wiltshire currently has 6 split site schools. Under the DfE proposals, all would continue to meet the criteria for funding.

## **Outcomes from the Consultation**

### **Exceptional Circumstance Funding (Rentals)**

16. The DfE have not committed to a fixed date by which changes to the 'Exceptional Circumstances' factor will be implemented.
17. The key proposals in the consultation are:
  - move away from a locally led approach to a national application system
  - Raising the funding threshold to account for at least 2.5% of a school's budget, up from the current 1%, will not be implemented for now, but given further consideration
18. Wiltshire currently has 7 schools eligible for rental funding, in order to enable whole school events such as assemblies, or for the hire of sports fields to enable PE activities.

## **Outcomes from the Consultation**

### **Minimum Funding Guarantee (MFG)**

19. The DfE are proposing some 'light touch' changes to the MFG as detailed below.
  - The DfE will use local formulae baselines – and actual GAG allocations for academies – in the year that we transition to the direct NFF (in other words, continue to use local formula for the purposes of determining the MFG)
  - The DfE will move to a simplified pupil-led funding protection under the direct NFF. This will simplify the calculation significantly, which will help improve the transparency of the funding system and make it easier for schools to understand how their funding levels are calculated

## **Outcomes from the Consultation**

### **The Funding Cycle**

20. The DfE were keen to understand the best approach to the annual funding cycle and following the consultation, propose the following.
- The DfE recognises the need to provide early information to schools and the sector to support budget planning
  - The DfE will continue to give early information regarding the design of the subsequent year's formula in July each year
  - Given the strong support for a calculator tool, the DfE will aim to develop a product that schools can use to estimate future funding
  - Regarding de-delegation, the DfE confirm that they will issue one single data collection in March when the direct NFF is introduced

### **Next Steps**

21. The DfE will announce the 2024-25 National Funding Formula for schools and high needs in July, in line with the usual timetable. This will also confirm requirements on local authorities to bring their local funding formulae closer to the NFF in 2024-25, following the initial transitional steps in 2023-24.
22. The DfE plan to engage with the sector further on funding for PFI schools, and the determination of indicative SEND budgets. This will support a smooth transition to the direct NFF.

### **Impact in Wiltshire**

23. Having moved the Wiltshire funding formula to align with the NFF, there will be a minimal impact for schools in Wiltshire. The areas which could impact upon our schools are still subject to further consultation and confirmation and include the following factors:
- Split site funding – final details to be released in July
  - PFI funding – to be consulted on later in stage 3 of the consultation
  - Exceptional Premises factors (Rentals) which have always been funded on a historical basis, will be decided in the future.
  - Full details of the national approach to funding growth and falling rolls will be released in July

## **Role of Schools Forum**

24. The move to a direct NFF would mean that the role of schools' forums will change. The DfE expect that schools' forums will continue to play an important part in local decision making and stakeholder engagement.
25. The proposed reforms do not, for example, have an impact on schools' forums' existing roles in relation to early years funding or de-delegation. The DfE continue to review how schools' forums engage with high needs funding issues, following the SEND Review.

## **Proposals**

26. Schools' Forum notes the DfE's response to their consultation on reforms to the NFF.

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