



Schools Forum

Date: 30 June 2022
Time: 8.30 am to 10.30 am

Venue: Virtual via Microsoft
(MS) Teams

Paper

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Public

Implementing the Direct National Funding Formula – Government Consultation

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Summary

On 7 June 2022 the Department for Education (DfE) launched the next stage of their consultation on reforms to the National Funding Formula (NFF), seeking views on their approach to implementing the 'direct' NFF for mainstream schools.

This follows the first stage of the consultation in the summer of 2021 – '*Fair school funding for all: completing our reforms to the National Funding Formula*' - which focused on the principles of moving to a direct formula. The DfE published their response to this first consultation in March 2022, confirming their commitment to the introduction of the direct NFF.

This further consultation is for local authorities, schools and academy trusts, and any other interested organisations and individuals. Responses have to be submitted by **9 September 2022**.

Recommendation

That Schools Forum consider the DfE's consultation on '*Implementing the Direct National Funding Formula*' and how the response is taken forward as Schools Forum's next meeting is after the closing date for submissions.

REPORT

Background

1. The DfE launched a consultation on 8 July 2021, in what was presented as the first stage of a process of seeking views on their approach to completing the move to a direct or 'hard' NFF, completing the reform of school funding that was started with the introduction of the NFF in 2018-19. It was made clear that following this first stage of consultation and based on the feedback from this, a further and more detailed and technical consultation would take place. This paper briefs Schools Forum on this next stage of consultation which was launched on 7 June 2022 under the title '*Implementing the Direct National Funding Formula*'.

2. Schools Forum received and considered a report on the first stage of the consultation on '*Fair school funding for all: completing our reforms to the National Funding Formula*' at their meeting on 16 September 2021.
3. In their response to the first stage of the consultation the DfE has advised that:
"The majority of respondents (59%) were in favour of the Secretary of State allocating funding for all pupil-led and school-led factors as part of the direct NFF. This funding would be allocated directly to schools, without further adjustment by LAs. There also was strong support for our proposals for transitioning towards the direct NFF, by requiring LAs to use each of the NFF factors from 2023-24 and move their local factor values closer to the NFF factor values by 10%."
4. The full DfE response to the consultation is available at [Completing the reforms to the National Funding Formula - government consultation response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
5. As a consequence, they have indicated that:
"The Department will implement the direct NFF where all mainstream schools funding would be allocated on the basis of a single national formula, replacing the current system where LAs allocate funding. To get there, the Department will require LAs to use each of the NFF factors, and only NFF factors, and move their factor values at least 10% closer to the NFF in 2023-24."
6. The consultation survey can be accessed at: [Implementing the direct national funding formula - Department for Education - Citizen Space](https://education.gov.uk) , while the full consultation document is available at: [Implementing the direct national funding formula - government consultation \(education.gov.uk\)](https://education.gov.uk)
7. A summary of the 25 questions in the consultation are appended to this report – Appendix 1. Schools Forum are invited to consider these questions and to provide an initial view to inform a response that will be submitted on their behalf by the closing date of 9 September 2022. As Schools Forum do not meet again until 15 September, they are asked to consider how a formal response is taken forward.
8. The consultation document states that the move to a direct NFF supports the objective set out in the schools white paper '*Opportunity for all*'. A change will be required in legislation to allow the Secretary of State to determine schools' funding allocations directly. This proposal therefore forms part of the Schools Bill which was introduced to Parliament on the 11 May 2022. A Schools Bill Factsheet is attached to this report at Appendix 2, which will help Schools Forum in understanding the specifics of the proposed reforms .

Proposals

9. The *'National Funding Formula Reforms: Schools Bill Factsheet'* in Appendix 2 provides helpful context to the potential impact of the proposed reforms, which can be summarised as:
- a duty will be placed on the Secretary of State to determine funding for all mainstream schools (both academies and maintained schools) through a single, directly applied NFF, with freedom and flexibility to modify this formula annually as needed
 - the schools NFF will determine the core funding allocations for Reception through to Year 11
 - the Secretary of State will have flexibility in the future to fund special and alternative provision schools directly through their own formula
 - the Secretary of State will have the power to request information from LAs and academies on pupil numbers, school reorganisations (planned school closures and mergers), planned school expansions and on school split sites – this is to enable them to determine the annual schools NFF
 - the LA will be able to apply to the Secretary of State to reallocate funding between NFF blocks in order to meet local funding pressures, replacing the power to transfer 0.5% of the Schools Block to the High Needs Block (the 'block transfer')
 - instances where LAs can continue to allocate schools' funds are likely to be limited to Private Finance Initiative (PFI) contracts and funding for in-year increases in pupil numbers in local schools
 - LAs will continue to receive funding for other education provision, in particular:
 - high needs funding for pupils with SEND in special and independent settings (including alternative provision), as well as top funding for pupils with SEND attending mainstream schools
 - central school services to both maintained schools and academies such as admissions and monitoring school attendance
 - early years funding to provide early years entitlements for 2 to 4 year-olds
 - LAs will receive a 'locally-determined education budget' in order to deliver their education responsibilities which will include:
 - 'locally-determined supplementary funding' where the Secretary of State determines LAs are best placed to determine funding in line with their other duties
 - other local education expenditure, covering high needs, early years and central school services
 - the continued ability to 'de-delegate' funding from maintained schools' budgets to fund central services for these schools

- Schools Forums' advisory role will be limited to supplementary school allocations and other locally-determined education expenditure (early years, high needs and central school services), and they will no longer advise on setting local formula for core schools funding
 - other funding streams including Pupil Premium, PE and Sport Premium and post-16 funding, are not in the scope of these reforms
 - no 'end date' has been set for the full implementation of the reforms
 - high needs funding will continue to be allocated through the high needs NFF, consisting of 12 formula factors – the Government will be reviewing how high needs funding is allocated, in the light of the SEND Review green paper
 - the current early years funding system will remain in place
 - the ongoing responsibilities element of the Central School Services Block is being reviewed as part of the consultation exercise this summer.
10. The 25 questions in the consultation – see Appendix 1 – cover a range of areas, including:
- the flexibility in transferring funding to high needs – Shropshire has in recent years transferred the maximum 0.5% of funding from the Schools Block to High Needs Block
 - indicative SEND budget – in mirroring the NFF since 2018-19, the issue of whether this is set locally has effectively already been agreed by Shropshire Schools Forum
 - growth and falling rolls funding – this has not historically been a significant issue in Shropshire
 - premises funding – the questions focus on split sites, which again has not been an area of significant spend in Shropshire
 - allocation of funding – focus on split sites is not particularly relevant to Shropshire at present
 - the minimum funding guarantee (MFG) under the direct NFF – quite technical questions that need further work to fully understand and respond to
 - the annual funding cycle – further work required to fully understand and respond to these questions.
11. The authority will be looking to the draft response of the f40 lobby group on this consultation, to inform and advise on the response on behalf of Shropshire Schools Forum. It is hoped that this initial response might be available before the end of term. The fact that Shropshire has mirrored the NFF for the last 4 years would suggest that the proposals will critically have little or no negative impact on Shropshire schools and academies, particularly during any transitional period to the full implementation of the direct NFF.