

Meeting date: 25th May 2023
Report to: Solihull School Forum



Subject/report title: Implementing the Direct National Funding Formula - Government consultation response (April 2023)
Report from: Director of Children's Services
Report author/lead contact officer: Steve Fenton Head of Commissioning for Education

Schools affected:

☒ All Primary and Secondary Maintained Schools Only

Type of Report For information
Forum Voting Not a voting matter - for information item
Public/private report: Public

1. Purpose of Report

1.1 To inform School Forum of the governments intentions on the next phases of implementing the National Funding Formula from April 2024.

2. Decision(s) recommended

2.1 No decisions requested at this stage

3. Matters for Consideration

3.1 In 2021 the government held its first-stage consultation on the direct national funding formula (NFF) for schools: *Fair school funding for all: Completing our Reforms to the National Funding Formula*. Following the feedback to that consultation, in March 2022 the government published its response, confirming their commitment to introducing the direct NFF. This will mean that, in time, every mainstream school's final funding allocation will be determined by the same national funding formula.

3.2 A direct NFF will make funding simpler and more transparent for all those involved to understand. Allocating funding on a consistent basis, regardless of which local

authority schools happen to be located in, will provide schools and trusts with the predictability needed to make the best use of resources and to drive up academic standards, and ensure fairness between individual schools' allocations.

3.3 Between 7 June 2022 and 9 September 2022, the government held its second stage consultation on these reforms: *Implementing the Direct NFF*. This consultation sought views on the details of how a direct NFF would work in practice. This update provides the government's response to the outcome of that consultation, and the changes to be implemented for next year (from 1 April 2024).

3.4 The full response is a 60-page document, the essence of which is distilled into 6 pages in Appendix A, the body of this report focuses on key changes that will impact Solihull schools.

3.5 Funding for pupils with SEND:

3.5.1 The government envisage continuing flexibility to transfer funds from Schools Block to high needs block by adjusting school funding. Subject to Secretary of State approval. Application by LA after consultation with schools.

3.5.2 The government will calculate indicative SEND budgets for schools (the Notional SEND budget). This will replace LA produced calculation with a national calculation. The design to be developed alongside the SEND and Alternative Provision Plan.

3.5.3 The government will be developing new National Standards for SEND and alternative provision. They will engage further with the sector to consider the design of the indicative SEND budget in the context of the National Standards as they are developed. In the meantime, local authorities should review the calculation of their notional budget through local funding formula factors.

3.5.4 The government will look at whether to strengthen the guidance we issue for 2024-25 so that there is more consistency in the notional calculations adopted by local authorities.

3.5.5 For Solihull, the review of notional SEND will be undertaken during 2023-24 for 24-25 implementation. Last year Forum agreed we should emulate national guidance as closely as practicably possible.

3.6 Growth and Falling Rolls Funding

3.6.1 The government appreciate that local authorities will have committed growth funding over a number of future years and so will implement only minimum requirements for 2024-25 rather than fully determined national standards.

3.6.2 They will continue to engage with local authorities and other stakeholders on the particular design of these new requirements – including the minimum funding rates – in advance of publishing final guidance in the Schools Operational Guide in July 2023. The rules will allow local authorities to retain any underspent growth funding within their DSG.

- 3.6.3 The new requirements will form a minimum expectation for local authorities, and local authorities may choose to allocate funding in circumstances beyond the national requirements or at a higher rate where justified by local circumstances.
- 3.6.4 From 2024-25 the current growth allocation methodology will be revised to allocate funding on the basis of both growth and falling rolls. Using Medium Super Output Areas, or MSOAs that have either seen growth or (significant) declines in pupil numbers. Those MSOAs that have seen pupil growth will have funding allocations calculated at the growth funding rate. In addition, MSOAs that have seen significant declines will be allocated at a separate falling rolls funding rate.
- 3.6.5 There will not be any “netting off” of funding allocations: that is, if a local authority has MSOAs that have experienced growth as well as MSOAs that have experienced falling rolls, its full funding allocation will include both the element relating to pupil growth, and the element relating to falling pupil numbers.
- 3.6.6 An important change is that from 2024-25 the government 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, activity which we know many local authorities already undertake. We will provide further guidance in the Schools Operational Guide and make the relevant changes to the Regulations.
- 3.6.7 Given this change in funding, Solihull may need to consider the use of “falling roll” funding to support schools that are forecast to have significant but temporary reductions in rolls. This would be pretty exceptional, the reduction in primary numbers currently being forecast in Solihull intakes is too large to consider any general support for schools with falling rolls.

3.7 Premises: Split sites

- 3.8 The Government 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.
- 3.9 This will replace the current local authority led approach. A national formula will allow the Department to ensure funding is allocated consistently and fairly across the country, and that all split site schools receive funding towards the additional costs they face from operating across multiple, separate sites. Introducing this new approach for split sites funding is an important part of developing the NFF in advance of the final transition to the direct NFF.
- 3.10 The government think that around 60% of the 2024- 25 NFF lump sum is an appropriate amount for this given that an additional site should cost less to run than the school’s main site, and funding should be seen as a contribution to overall costs.
- 3.11 In Solihull Valley Primary school, is the only school in Solihull with split site funding. This school does meet the national criteria but 60% of the national lump sum would be less than the Solihull local factor (£100,000), however the difference would be part of the Minimum Funding Guarantee.

3.12 Next steps

- 3.13** The 2024-25 National Funding Formula for schools and high needs will be announced 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. The government plan to engage with the sector further on funding for PFI schools, and the determination of indicative SEND budgets.

4. List of appendices referred to

- 4.1** Appendix A - Implementing the Direct National Funding Formula - Government consultation response April 2023 (Key Extracts summary).