

Fair funding for  
all schools

# Implementing the Direct National Funding Formula

## DfE consultation

Launch date: 7 June 2022

Respond by: 9 September 2022

# The Proposal

## Background

It is a DfE [consultation](#) to seek views on its approach to implementing the direct National Funding Formula to mainstream schools.

- <https://consult.education.gov.uk/funding-policy-unit/implementing-the-direct-national-funding-formula/>

It builds on the previous consultation and considers next steps in more detail regarding the implementation of the direct NFF over the coming years. It includes a number of proposed changes, whilst maintaining protections to minimise disruption.

In this submission:

- Words in blue are f40's response
- Words in red are f40's additional thoughts, where we were not invited to give a comment but where we wanted to get a specific point across. We have provided these additional comments to the DfE separately.

# Scope

## Principles

By moving towards a hard NFF, the DfE aims to further embed the following principles in the funding system:

- **Fairness** – each mainstream school funded on a consistent basis, to reflect their needs and circumstances.
- **Simplicity and transparency** – every individual mainstream school's funding calculated through a single national formula, transparent to all in the system.
- **Efficient and predictable** – a single national formula through which funding is matched to relative need, creating greater predictability in funding and ensuring resources are distributed and used across the system as efficiently as possible.

Question is whether, in order to achieve these principles and the goal of delivering an equitable funding system for every school, all elements of funding should be distributed through a hard NFF or whether there would continue to be merit in local control of certain aspects of mainstream school funding.

## Proposal

Subject to the further development of premises and growth funding factors, it is proposed to include all NFF funding factors – pupil-led and school-led – in the hard formula, without further local adjustment through local formulae.

# Questions - SEND

**Q1.** 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? *(Y/N/Unsure + 200 word comment)*

## **Response - Yes**

We support the flexibility of seeking transfers from mainstream schools to other funding blocks to support relevant activities. This should, however, be unnecessary in an effective funding system and we don't consider this a viable alternative to providing sufficient and equitable levels of funding.

As transfers will support all schools, we welcome the greater flexibility to include all schools within the scope, irrespective of phase or where a school may be in their current level of funding (e.g. MPPL or MFG). It's important to recognise that a school's ability to contribute will be impacted by the national distribution of funding.

Any solution should ensure LAs have sufficient time to consult appropriately (in term time) regarding transfers.

Confirmation of decisions regarding transfers should be provided in a timely manner as a delay could have wider implications for the LA and may prevent agreement of overall budgets for the year.

In taking on greater responsibility, the DfE has an obligation to monitor the impact and justify decisions in a transparent way to ensure fair outcomes. Changes to the framework and exceptions may be required in exceptional/unforeseen circumstances or where the need for transfers can't be matched fairly through contributions from schools.

# Questions – SEND

**Q2.** Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally? *(Y/N/Unsure + 200 word comment)*

## **Response – No**

We're unclear as to the value of a notional budget for SEN and feel the Department should consider the value of this being maintained. This adds to the level of confusion in schools and among parents regarding SEN funding, with many assuming it is separate (additional) funding or seeking further funding where they view they have "spent" their allocation.

With the NFF, a conscious move was taken to move away from linking specific levels of funding to activities and encourage schools to use their whole budget effectively to achieve their overall aims and objectives. The notional SEN budget, therefore, feels a legacy of a previous funding system. We'd consider a clear and detailed definition of Ordinary Available Provision as a much better way of defining what a school should be spending, which is supported by the proposals in the SEN Green Paper.

A direct NFF would lend itself to the consistency of a nationally-set notional budget if there was a need, but the DfE would need to ensure the reasonableness of the calculation and give an assurance around sufficiency of the budget and the £6,000 threshold. The methodology should consider the complexities of the MPPFL and impact on school funding.

# Growth and falling rolls

**Q3.** Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding? *(200 word comments)*

## **Response**

We recognise the Department's desire for consistency, however, we consider it important to allow for a high level of flexibility in allocation to ensure LAs are able to fulfil their statutory duties. LAs have a range of statutory duties centred around place planning, with solutions often requiring tailored approaches. Standardisation should take this into account to allow for exceptional circumstances.

Wider DfE funding policy may also have a bearing, for example, where the DfE provides a level of funding for pre-opening costs in direct application free schools, there is an expectation on LAs to mirror this for basic need new schools, therefore, sufficient funding should be provided.

Any standard criteria applied should consider the wider context of school finances and fluctuations in pupil numbers, and the potential impact on the wider local education system. This may be supporting small, necessary schools through a period of low pupil numbers or providing a reasonable level of funding to support growth in an established school.

Local factors should be considered, including area-based demographics (general decline in pupil numbers), turbulence of pupil numbers presenting planning challenges, and the ability to restructure to optimum models to ensure the pupil:teacher ratio is financially sustainable.

# Growth and falling rolls

**Q4.** 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? *(Y/N/Unsure)*

## **Response - Yes**

The need for a school in an area does not change whether or not a school requires educational performance improvements. Typically, performance issues and falling pupil numbers are linked with additional expenditure required in the short-term to support performance improvements. Funding is, therefore, even more essential in this scenario. (No text permitted)

# Growth and falling rolls

**Q5.** Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?  
(200 word comment)

## **Response**

Whilst we're supportive of ensuring current funding reflects current need, we wish to ensure any losses at LA level are managed gradually through transitional arrangements. Growth funding is allocated to schools over time, and schools have commitments against it. A lack of transitional support could place schools in financial difficulty.

Funding levels that are required to encourage schools to change pupil numbers will be influenced by current funding expectations, so there's a risk current funding inequities in the NFF will be reflected.

We are unclear in the proposal regarding the growth and decline of pupil numbers and would recommend providing greater clarity, and suggest testing of any proposals before implementing changes.

Falling rolls funding has been applied flexibly to meet local need and to support LAs in meeting statutory responsibilities, supporting both necessary small schools and academies, and complimenting provisions for growing schools. We're unsure local circumstances can be adequately reflected nationally and may risk school viability. Where growth is short-term, it's better value to meet costs of temporary classrooms from revenue, rather than capital. With decreasing flexibility to move funding across the DSG, LAs need assurance they can manage risks from an in-year shortfall in growth funding. (200 words)



# Growth and Falling rolls

**Q6.** 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? (Y/N/Unsure)

**Response – Yes**

We strongly support this proposal. As the proposal outlines, some space capacity is required in the system to accommodate short-term fluctuations in pupil numbers and long-term growth, however, a more flexible approach to funding to enable capacity to be used to best effect is welcomed and can only be considered a positive in the overall best use of public funds.

There are other limiting factors relating to this proposal, as the consultation document outlines, LAs are dependent on partners to be supportive of change where there can be a tension between what an individual partner feels is desirable and what is in the best interests of the education system as a whole.

Further strengthening of LA statutory powers regarding place planning for all schools is essential, along with strong support from the Regions Group to achieve long-term improvements. (No text permitted)

# Growth and falling rolls

**Q7.** 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?  
(*Y/N/Unsure*)

**Response – Yes**

# Growth and falling rolls

**Q8.** Do you have any comments on the proposed approach to popular growth? *(200 word comment)*

## **Response**

We are strongly supportive of ensuring equity of access to funding to support popular growth.

Pupil growth, as a result of school improvement, is driven by high quality school leadership and teaching, which can occur irrespective of a school's governance structure, so should be accessible to all schools. Changes to the NFF should be driven by funding policy, rather than seeking to further other Government policy objectives.

Popular growth can also be seen in relation to relative performance in an area. An academy or maintained school may see significant growth as its popularity rises as a consequence of issues arising in neighbouring schools. This will also drive essential costs and would warrant support, again with governance models having no bearing on the change.

We are supportive of a local approach to growth funding as we feel it would not be possible to support schools and LAs effectively through a national system due to the variety of circumstances the growth and falling rolls fund will need to accommodate. (167 words)

# Split sites

**Q9.** Do you agree we should allocate split site funding on the basis of both a school's 'basic eligibility' and 'distance eligibility'? (Y/N/Unsure)

**Response – Yes**

Split sites should be considered in the context of the lump sum i.e. what costs / savings are incurred compared to separate schools each receiving a lump sum. As such, a basic factor should be considered due to essential duplication of staffing and facilities and a distance factor included for the marginal cost of time and transport for staff / pupils moving between sites. (No text permitted)

# Split sites

**Q10.** Do you agree with our proposed criteria for split site 'basic eligibility'? (Y/N/Unsure)

**Response – Yes**

We are broadly supportive of the proposed criteria. We would ask in any final policy for further clarity around definitions as queries have occurred around the status of roads and what is classified as an “ancillary” building.

Further consideration regarding these proposals may be required in relation to other proposals made in relation to exceptional circumstances. If the threshold for eligibility for funding for exceptional circumstances changes, this may result in further use of split site funding where schools need to access facilities remotely due to inadequate provision within the schools site. (No text permitted)

# Split sites

**Q11.** Do you agree with our proposed split site distance criterion of 500m? (*Shorter/about right/longer/unsure*)

**Response - Unsure**

# Split sites

**Q12.** Do you agree with total available split sites funding being 60% of the NFF lump sum factor? (*Higher/about right/lower/unsure*)

**Response – Unsure**

# Split sites

**Q13.** Do you agree that distance eligibility should be funded at twice the rate of basic eligibility? (*Higher distance weighting/about right/higher basic weighting/unsure*)

## **Response – Higher basic weighting**

By linking the funding to the lump sum this recognises quite rightly that the majority of costs are fixed, therefore, would be incurred irrespective of distance. A greater weighting should, therefore, be applied to basic eligibility.

We also favour the application of a taper to distance funding in recognition of the variable costs incurred, therefore, this proposed split would also not work on that basis and there would be instances where the basic eligibility funding would be proportionately higher. (No text permitted)



# Split sites

**Q14.** Do you agree with our proposed approach to data collection on split sites? *(Y/N/Unsure)*

**Response – Yes**

We agree that LAs have an ongoing role in this area supporting the process to ensure appropriate funding is received by schools in its area. As stated in the consultation, this will make use of the local knowledge LAs have access to and will be more efficient for all parties. (No text permitted)

# Split sites

**Q15.** Do you have any comments on our proposed approach to split sites funding? *(200 word comment)*

## **Response**

Any minimum distance criterion is subjective and can create unnecessary funding “cliff edges”. It’s a complex issue, with often unique and challenging circumstances. We would favour the tapering approach, which would avoid ‘cliff edges’ and would better recognise the differences in costs incurred between schools operating over different distances. This would also mean the proportions of funding for basis and distance funding would also be variable.

The huge variety of circumstances means taking a national average to cap funding won’t provide a fair reflection of the likely costs some schools will incur. Clearly, there should be some limit with the maximum being the level of funding received if each site was a separate school and in receipt of its own lump sum. Any limit below this figure would need a greater level of consideration and justification.

Consideration should be given to instances where a school either receives a reduction in split site funding or funding ceases completely. This is most likely as part of the transition from local to national calculations, but on rare occasions can occur locally e.g. change of entrance or change of road distance.

An exceptions process should be considered where a more tailored approach is necessary. (200 words)

# Exceptional circumstances

**Q16.** Do you agree with our proposed approach to the exceptional circumstances factor? (*Y/N/Unsure*)

**Response – No**

# Exceptional circumstances

**Q17.** Do you have any comments on the proposed approach to exceptional circumstances? *(200 word comments)*

## **Response**

We recognise the DfE's desire for standardisation, but the priority for this factor should be to recognise genuine, unavoidable, and significant additional costs. Applying a standard criteria may exclude some genuine cases therefore, an exceptions process should be created.

The proposal to increase the minimum threshold is likely to have a significant impact, albeit on a small number of schools, leading to significant funding problems. The proposal appears arbitrary. Redefining what the DfE considers 'exceptional' will in no way reduce the unavoidable costs schools will incur as a result of their circumstances. If any change to the threshold is applied, a protection mechanism should protect schools against any immediate loss of funding. Consideration should be given to any interplay between this and the split site proposals.

In taking on greater responsibility, the DfE has an obligation to monitor the impact of any existing or amended policies to ensure they continue to achieve a fair outcome at individual school level as the Department will be held accountable for any adverse impacts. We recognise the challenges in reflecting local needs and exceptional circumstances and suggest setting aside a small element of the NFF for this, directed at MAT level or Schools Forum. (200 words)

# Minimum funding guarantee

**Q18.** 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? *(Y/N/Unsure)*

**Response - Unsure**

# Minimum funding guarantee

**Q19.** Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF? (*Y/N/Unsure*)

**Response - *Unsure***

# Minimum funding guarantee

**Q20.** Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF? *(200 word comment)*

## **Response**

We support this proposal in principle and recognise it addresses concerns previously raised, however, we have concerns whether sufficient testing has been undertaken to ensure no unintended consequences. An assessment should be made at school level for varying scenarios, such as changes to school-led factors that impact all or some schools, to assess for unintended consequences. Changes should be made to the proposals to ensure a fair outcome.

In taking on greater responsibility for this area, the DfE has an obligation to monitor the impact of existing or amended policies on an ongoing basis to ensure it continues to achieve a fair outcome for individual schools.

It's important not to lose sight of the minimum funding level protection mechanism, which is embedded in the formula. This factor should not be required in an effective funding system where sufficient funding meets basic need, and further funding meets specific pupil and school-related requirements. The current methodology excludes schools equally in need, including vulnerable small schools due to the disproportionate impact of school-led factors on the per pupil value, or schools that provide a high level of additional need, with the lack of further support at risk of becoming another barrier to inclusion. (200 words)

# Planning

**Q21.** 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/calculator/unsure)*

**Response – Unsure**



# Planning

**Q22.** 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? *(200 word comment)*

## Response

We're supportive of both notional allocations and a calculator to support schools' financial planning. Notional allocations provide schools a greater level of certainty and confidence as this is a (provisional) figure the DfE has derived using existing data. And the tool would allow those schools with more confidence to update datasets to provide a better indication of the likely figure they will actually receive, with the assurance available from the notional allocations as a way of validation.

In principle, maintaining the existing timescales seems sensible through the period of transition. There are, however, points of risk regarding any new requirements and LAs would need to be assured information is provided to them from the DfE in a timely manner to allow for communication to schools e.g. consultation, top-slice and de-delegation.

The current challenge for schools is where an affordability gap arises between the allocation to LAs and the NFF unit values. If this is removed, it will solve one challenge to financial planning, though it may present a challenge to the DfE in terms of quantum of funding. If this is not removed, the DfE will be held responsible for reductions to unit values / perception of reduction in funding. (200 words)

# Data

**Q23.** 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? *(200 word comment)*

## **Response**

We would recommend initially aligning the collection of data and deadlines to the existing APT timescales. During a period of change, this would provide some continuity, which can be reviewed when the process becomes more stable.

This would also ensure access to more tailored information in the pre-populated form and avoid risks and issues regarding estimated / forecast data.

It should be noted that current timescales are already challenging, therefore, the DfE would need to be mindful that any delays in provision of necessary information to LAs is likely to result in delayed responses back. (95 words)

# Data

**Q24.** 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?  
*(Single/several/unsure)*

**Response - Several**

# Data

**Q25.** 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? *(200 word comment)*

## **Response**

The existing process and timescales for agreeing de-delegation and informing the DfE of any mid-year conversions should continue. Maintained schools need to be informed of any deductions for de-delegation or top-slice before the new financial year to support planning. This is also essential for LAs to meet statutory budget setting deadlines and to ensure service delivery.

Currently, LAs are able to confirm this through data provided for completing the APT. It will be essential that the DfE provide LAs with the equivalent data to a similar timescale. As LAs have a statutory duty to issue budget shares by a set deadline, the DfE should also be held to a similar statutory deadline.

Further consideration should be given to LA data requirements. The data provided to LAs as part of the current arrangements informs a number of processes internally, which will need to be maintained. Further clarity is also required regarding queries schools have on allocations. Schools currently contact their LA to resolve any queries, however, with the transfer of responsibilities to the DfE, schools need assurance that their queries will be answered in a timely manner. More detail is also required around the actual financial transactional implications of these proposals. (200 words)