



North
Northamptonshire
Council

North Northamptonshire Schools Forum: 20 October 2022

Agenda Item 10

North Northamptonshire's response to Implementing the Direct National Funding Formula Consultation

1. Background

- 1.1 Schools Forum were informed at the July 2022 Schools Forum of the Direct National Funding Formula Consultation by the DFE. The consultation closed on the 9th September 2022.

2. DFE Direct National Funding Formula Consultation

- 2.1 Below are the considerations North Northamptonshire took into account prior to arriving at the response that was submitted.

Considerations in North Northamptonshire's response to NFF consultation September 2022

Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
1	<p>Block Transfers. 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?</p> <p>Do you have any other comments on the proposals for the operation of transfers of funding from mainstream schools to high needs?</p>	<p>Currently, any transfers from the Schools Block, in effect, scale back the funding distributed through all the formula factors, other than those for lump sum, split site, NNDR and PFI.</p> <p>The flexibility to take a more targeted approach to scaling back is welcome and would allow a more considered approach to managing resources.</p>	Yes

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2	Notional SEND. Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?	The Notional SEND budget is used as an indicator of resources available to support SEND in a school. Currently the formula for this is set at an LA level leading to inconsistencies based on historic decisions. The move to NFF is the right time to standardise Notional SEND based on the new funding regime.	Yes
3	Growth & Falling Rolls. Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?	In the move to NFF amore consistent approach to the application of support for growth and falling rolls will be required. .	No.
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?	This requirement can limit LA capacity to address pupil place planning concerns in a targeted way. In order to meet need in a timely and affordable way, all options should be available.	Yes

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5	Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?	<p>DfE propose to re-baseline the Growth Fund from 2018/19 to 2023/24.</p> <p>They propose to use the Medium Super Output Area data, not just for Growth as now, but for Falling Rolls, too, where there is evidence of significant decline in pupil populations.</p>	<p>The Medium Super Output Area (MSOA) approach to the Growth Fund has worked so far. It does have the drawback, however, of lagging funding; it is funding where growth has happened in the previous year, when the LA has to be looking to fund growth that will happen in the coming year. Inevitably, that means committing resource in advance where growth is new and resisting the temptation to spend excess resource when growth programmes reach their natural conclusion.</p> <p>With the more local and flexible approach being advocated, it is important to make sure that LAs have the scope to make adjustments to the NFF to take account of the need to have cross-year subsidisation arrangements to manage growth effectively.</p> <p>In theory, using MSOAs for falling rolls should work, too. Falling rolls tends to be funded retrospectively anyway, so the cross-year subsidisation issue does not arise.</p>

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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?	We need to consider how NNC would want the growth / falling rolls fund to assist, if at all, with the school organisation changes that might arise in the next few years. DfE is specifically saying “We could permit local authorities to spend growth and falling rolls funding on the revenue costs associated with repurposing or reducing school places.”	<p>If we are the LA that experience significant falling rolls and is trying to develop its strategy for removing surplus places, we welcome the inclusion of this item in an expanded growth / falling rolls definition.</p> <p>The proposal seems quite wide-ranging in its scope, recognising costs associated with closure, amalgamation and down-sizing of schools; costs which currently might be absorbed by the schools’ own budgets or may ultimately fall on the LA or the ESFA. Cost impact could be a disincentive to act.</p> <p>Two observations:</p> <ol style="list-style-type: none"> 1. Scale. If North Northamptonshire were looking to scale back around x form entry in primary and around y form entry in secondary in the next few years, removing the number of surplus places could get very expensive for the local education system, but it has to be balanced with the need to fund schools adequately for their on-going responsibilities. 2. Gate-keeping. It is the LA that usually administers the growth and falling rolls funds according to the policies agreed by Schools Forum. All schools and academies will need to be treated fairly in the use of this fund, so the policy will need to be well-defined. Yet, the nature of such exercises, as your examples illustrate, is for quite a wide range of approaches and costs to be incurred to

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			<p>meet the objectives of reducing or repurposing spare capacity. If the system is exploited, bills could be submitted for all sorts of initiatives taken by individual schools and academies. A policy framework to set the parameters and direction and a role for Schools Forum in approving any charges to the account would be most useful. It is important that Schools Forum works collaboratively in determining an appropriate local strategy where school organisation problems need to be solved. This includes working out how to minimise deficits and maintain financial control in difficult circumstances.</p>
7	<p>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?</p>	<p>The ability to take a more local tailored approach would allow LAs to better reflect the need so the local area. Whilst standardisation across NFF would deliver certainty, in this case flexibility would be preferable.</p>	<p>Yes.</p>
8	<p>Do you have any comments on the proposed approach to popular growth?</p>	<p>Originally this funding would only have been available to academies, the proposal to include Maintained Schools is welcome.</p>	<p>The inclusion of Maintained schools is welcome.</p>

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9	Split site. Do you agree we should allocate split site funding on the basis of both a schools' 'basic eligibility' and 'distance eligibility'?	NNC only has one split site school and does not currently use this approach. This is based on historic formula approach and so a move to a more informed formula would be welcome.	Yes
10	Do you agree with our proposed criteria for split site 'basic eligibility'?	The proposed criteria are consistent with an identification of need based on split site. Note – Nursery classes are not included, but this does not impact on NNC schools.	Yes
11	Do you agree with our proposed split site distance criterion of 500m?		Yes.
12	Do you agree with total available split sites funding being 60% of the NFF lump sum factor?	The current NNC formula is historic and the basis is no longer clear. This proposal would give a clear methodology for future funding.	Yes
13	Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?	Although NNC does not necessarily need a distance criteria to qualify for split site, any distance of at least 1 mile and above apart will qualify for addition funding. Distance eligibility will provide a basis for allocation if required.	Yes.

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14	Do you agree with our proposed approach to data collection on split sites?	NNC will liaise with DfE to ensure accurate representation of split site schools.	Yes.
15	Do you have any comments on our proposed approach to split sites funding?	Current proposal does not cover all-through schools.	The treatment of all through schools needs to be clarified.
16	Exceptional Circumstances. Do you agree with our proposed approach to the exceptional circumstances factor?	North Northamptonshire has no exceptional circumstances factors currently. This provides a basis for allocations if needed.	Yes
17	Do you have any comments on the proposed approach to exceptional circumstances?		No
18	Minimum Funding Guarantee. 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?	See draft response.	Yes. North Northamptonshire has aligned with the NFF, the MFG uplift allocation is after the basis of applying the cap and scale and will be the floor below which no school will fall as individual schools get closer to being funded purely on the NFF. While the NFF baseline from 2018/19 is less relevant at a school-by-school level, it did allow a little bit of flexibility to fund growth / falling rolls or to transfer to High Needs. Any arrangements based on MFG must allow some headroom for all LAs to exercise the flexibilities available.

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19	Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?	<p>This amounts to less protection if the scope of the MFG is to be narrowed. In effect, however, we are only talking about removing the split-site factor (£0.443m) and PFI factor (£0.215m) from the MFG. This amounts to 0.3% of the funding currently protected within the MFG, affecting only ten schools.</p> <p>In practice, this works both ways. Split site schools would not necessarily gain anything (eg the 40% uplift to the NFF values) if the split site factor continued to be in the MFG. Likewise, if there are changes affecting the PFI factor, we would want to know that received them. On balance, we can agree to this.</p>	Yes. It is a very small part of the overall budget that is being taken out of the MFG.
20	Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?	We recognise the issue of submitting disapplication requests to adjust the MFG for all- through schools where a shifting balance between primary and secondary could lead to under- or over-protection for the school.	No.
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?	The proposals to provide support for budget planning is welcome. In order to give greatest flexibility, a calculator would be preferable.	Calculator Tool
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?	A balance between early notification and accuracy needs to be struck. Current proposal appears to address this effectively.	No.

Q	DfE consultation question	North Northamptonshire considerations	Agreed North Northamptonshire response
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?	<p>ESFA currently collect information on planned school reorganisations and pupil number changes in the APT. In order to calculate allocations and issue them in a timely manner, ESFA will need this data earlier than under the current system. There are two options for how DfE could achieve this:</p> <ul style="list-style-type: none"> i. ESFA could issue a request earlier than ESFA currently do without the use of a pre-populated form. This means that local authorities would need to input data on, for example, planned pupil number changes without access to a form which includes the pupil-numbers recorded in the October census. ii. ESFA could issue the request in December as we currently do, using a form pre-populated with data from the October census. Local authorities would then need to return this form with a relatively short turnaround – by the end of the first full week in January at the latest. ESFA would expect this should be manageable for local authorities since this pre-populated form would be significantly smaller in scope than the current APT, and it will only seek information on school reorganisations and changes in pupil numbers which is readily available to local authorities. 	Option (i) is preferred.
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?	ESFA uses information on de-delegation to make an adjustment to the general annual grant (GAG) funding academies receive for mid-year converters. While this information is currently collected through the APT, ESFA recognise that local authorities may wish to wait with confirming the de-delegation budgets until after the NFF allocations have been	Option (i) is preferred.

		<p>announced. This leaves us with two options under the direct NFF:</p> <ul style="list-style-type: none"> i. ESFA undertake a separate data collection in March to cover the amounts schools will pay for de-delegated services; ii. ESFA do not collect information on de-delegation as a matter of course from local authorities. Instead, we only collect information when needed for mid-year converters. <p>If ESFA run a separate collection in March, ESFA could continue to publish information on de-delegation, which would be beneficial for transparency purposes. Depending on the number of converters, it could also be simpler to do one single collection (option i) than several bespoke collections for all mid-year converters (option ii).</p>	
25	<p>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?</p>		<p>Ideally it should be carried out the same time as the Autumn census.</p>

Current and future split-site arrangements in North Northamptonshire

Current North Northamptonshire split site criteria

1. Schools will be assessed at their request based on these criteria (including those schools currently in receipt of split site funding). The criteria to qualify for the funding elements are as follows:
 - a) Where a school is more than 1 mile apart an allocation is given to support extra leadership costs including site management. Primary schools of less than 400 pupils in total or secondary schools of less than 1,500 pupils would be entitled to this element of funding. It is assumed larger split site schools should have sufficient scale to manage the efficient use of their site not to require this element of split site funding; and/or
 - b) Where a school is separated by a public road that utilises traffic, funding will be given to support the extra pressure incurred by having 2 sites incurring higher fixed costs for the care, maintenance and operation of the buildings; and/or
 - c) Where a school is separated by a public road that utilises traffic and there is daily movement of pupils between sites there will be a contribution towards the extra costs of staff and pupils' transportation between the 2 sites.
 - d) Any Secondary schools with sites greater than 5 miles apart would receive split site funding equivalent to the Secondary lump sum funding amount.

Split Site Funding Rates 2022-23

Phase	Criteria (a) Leadership Costs(*)	Criteria (b) Building Care & Maintenance	Criteria (c) Staff and pupil travel	Criteria (d) Secondary 5+ miles apart
Primary	Up to a maximum of £25,000	Up to a maximum of £20,000	Up to a maximum of £30,000	n/a
Secondary	Up to a maximum of £40,000	Up to a maximum of 25000	Up to a maximum of £50,000	Equivalent of the Secondary Lump Sum £ in 2022/23

Note: (*) applies where a Primary school is less than 400 pupils in total or a Secondary school is less than 1,500 pupils in total.

Proposed NFF criteria

NFF proposal is that sites should be counted as 'split' where they are separated by a public road or railway as a clear marker of separateness. Each site must be used to provide education to 5-16 year olds (ie not nurseries or sixth forms, not admin buildings, not playing fields etc). 1 point for basic entitlement plus an additional 2 points if the other site is more than 500 metres from the main site. For schools with multiple sites, they will allow up to 3 basic entitlement and 3 distance entitlements (ie a maximum of 9 points). They have indicated that each point would be worth 20% of the lump sum amount in the funding formula. For 2022/23, the lump sum for North Northamptonshire is £0.121m, and 20% of that is £24.3k.

Impact on North Northamptonshire schools.

At present only Wrenn School receive a split site factor.

Amalgamations pursued to reduce surplus capacity could result in more split schools in North Northamptonshire.

DFE Consultation on the direct national funding formula can be found here.

[Implementing the direct national funding formula - Department for Education - Citizen Space](#)

3. Recommendation to Schools Forum

3.1 Schools Forum are asked to note North Northamptonshire Council's response to the Direct National Funding Formula Consultation.

4. Next Steps

4.1 Pending the outcome of the consultation, it may be necessary for Schools Forum to revise some of North Northamptonshire's existing policies.

5. Financial implications

5.1 Schools need to be aware of all the latest proposed changes made by the DFE so that they can influence the decisions made by Schools Forum.

6. Legal implications

- 6.1 Schools funding is governed by The School and Early Years Finance (England) Regulations 2022. It is important to ensure decisions are made within the regulations set.

7. Risks

- 7.1 There's the risk that the wrong financial decision is made by Schools Forum. There is also the risk that decisions made could be ultra vires.

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