

Record of decision taken under delegated powers by a council officer



Title of consultation response:	Implementing the direct national funding formula (Department for Education)
Decision taken under delegation by virtue of:	Scheme of Delegation Section 3, Part 1 – Scheme of Delegation to Officers paragraph 3.8 – Formal Responses to Government papers or other consultations

Summary

The Education and Lifelong Learning Service is responding to the Department for Education's stage 2 consultation on implementing the direct national funding formula for mainstream schools. This covers a range of aspects of schools funding in particular funding for growing schools, split site schools and exceptional premises factors.

Decision made

Decision made:

It was AGREED to submit the proposed attached response to the consultation outlined above.

Reasons for Decision:

The responses to the consultation will be submitted to Government so that it can be considered in relation to any future decision on the proposal.

Consultation with Cabinet Member

Delegation can only be actioned by an officer after consulting the relevant portfolio holder.

Decision taken by:	Rachael Wardell- Executive Director of Children, Families and Lifelong Learning
Decision taken on:	8 September 2022
Portfolio Holder	Clare Curran Cabinet member for Education and Learning
Portfolio Holder consulted on	7 September 2022
To be submitted on:	9 September 2022

Declarations of conflicts of interest

None

**Surrey County Council response to Department for Education consultation on implementing the direct national funding formula for mainstream schools.
9 September 2022**

The original consultation can be found below

[Implementing the direct national funding formula - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/Implementing-the-direct-national-funding-formula)

Interaction between the direct NFF and funding for high needs (1)

1 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?

Unsure

If you have any comments on this question or on other aspects of the operation of transfers of funding from mainstream schools to local authorities' high needs budgets, please give these below. Please limit your answer to 200 words.: We agree that it is reasonable that LAs applying for block transfers should state how they wish to vary the NFF. We do not support the proposal to introduce a standard short menu of options for this purpose, which is an unnecessary restriction of local choice.

Interaction between the direct NFF and funding for high needs (2)

2 Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?

Yes

If you wish to explain your answer, please do so here. Please limit your answer to 200 words.:

We note that the issue of the £6000 high needs threshold will be reviewed as part of the SEND green paper work, we note that this threshold has been unchanged for many years and it would be helpful if it were to be increased.

Growth and falling rolls funding

3 Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?

Please limit your answer to 200 words.:

We welcome the recognition that a standard national formula for funding growth at school level won't work, but further details of what is proposed are required. In particular, we would want to be able to apply different methods to different phases if local circumstances justified it, to vary per pupil funding levels to reflect the additional needs characteristics of individual schools, and to provide additional support to schools with undersubscribed bulge classes in the years immediately after admission as those bulge classes pass through the school.

It would be helpful if the DfE clarifies where growth factors are appropriate and where use of estimated pupil numbers in the NFF is preferred. There is a strong case for the latter to be used where the growth is permanent, rather than bulge classes; current guidance appears ambiguous.

LAs need the right to decline to provide growth funding for bulge classes where a school chooses to expand and the places are not required locally.

There may be cases where LAs cannot afford to meet any minimum growth funding requirement set nationally. If that happens repeatedly DfE should consider providing additional assistance, eg where there is large scale housing growth in a relatively small LA

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?

Yes

5 Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?

Please limit your answer to 200 words.:

We need more detail here as to funding rates and thresholds In particular how would the allocation of falling rolls funding to LAs be consistent with the current requirement only to fund falls in roll which are temporary?

We would urge the DfE not to recover underspends on growth and falling rolls funding, as LAs may need to balance funding with cost across several years.

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?

Yes

7 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?

Yes

8 Do you have any comments on the proposed approach to popular growth?

Please limit your answer to 200 words.:

Giving the opportunity for maintained schools to be funded for popular growth arising from standards improvement is to be welcomed. However, the test will be what the Department is actually prepared to approve for maintained schools.

If the Department is to use census data to determine popular growth in recently sponsored academies (and thus pay automatically for such growth), how is the Department going to distinguish between popular growth (which on its argument justifies funding) and filling of vacancies due to overall growth in demand in the area (ie demographic change, irrespective of standards issues), for which other schools would not be funded? There still seems much inequity here.

Premises funding

9 Do you agree we should allocate split site funding on the basis of both a schools' 'basic eligibility' and 'distance eligibility'?

Yes

10 Do you agree with our proposed criteria for split site 'basic eligibility'?

Yes

11 Do you agree with our proposed split site distance criterion of 500m?

Unsure

12 Do you agree with total available split sites funding being 60% of the NFF lump sum factor?

Unsure

13 Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?

Unsure

14 Do you agree with our proposed approach to data collection on split sites?

Yes

15 Do you have any comments on our proposed approach to split sites funding?

Please limit your answer to 200 words.:

Evidence for the 500m threshold for the higher rate of split site funding is unclear, although it is recognised that if there is to be a higher split site rate for sites a significant distance apart, a threshold of sorts is needed. We would urge that a taper is used, to avoid a huge change in funding for school sites separated by 500m compared to sites separated by 499m!

Any lump sum protection for merged schools should be reduced where the sum of lump sum protection and any split site funding arising from the merger exceeds the lump sum value for the closed school. A school's transitional protection on merger should not exceed the funding it has lost.

There ought to be constraints on funding of unnecessary split sites (eg where the capacity and location are not necessary because there is surplus capacity on the main site, the distance between sites is small, and the commitment can be ended (or is new)

Funding protection for split sites via the MFG is better than nothing but of limited value to schools not already on MFG when the MFG is relatively low.

This is particularly true of small schools for which the lump sum is a high proportion of budget (and hence a 0.5% MFG is actually worth a lot less than

0.5%)

16 Do you agree with our proposed approach to the exceptional circumstances factor?

No

17 Do you have any comments on the proposed approach to exceptional circumstances?

Please limit your answer to 200 words.:

There is no mention of the second year transitional lump sum protection for merged schools and this ought to be retained as, for example, staff restructuring in merged schools can take some time to implement.

We agree with the proposed categories of exceptional circumstances, but we see no evidence to justify raising the threshold for funding premises rents from 1% to 2.5% of budget, other than administrative convenience. We would urge

that this increase in threshold is reconsidered. We note that several small rural primary schools with low additional need funding (whose scope for flexibility in budget is very limited) would lose out from the increase in threshold.

Where rent changes are backdated (which they often are, because of the protracted process of reaching agreement) DfE should clarify that arrears would be funded. We would encourage the DfE to collect information for next year relatively late to reduce the need for retrospective adjustments.

The minimum funding guarantee (MFG) under the direct NFF

18 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?

Yes

19 Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?

Yes

20 Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?

Please limit your answer to 200 words.:

We have concerns as to how the minimum funding guarantee (MFG) would work in the case of block transfers and particularly if there was a block transfer in the year immediately before the introduction of the direct NFF. In the first year of the direct NFF there will not be a school level "pre block transfer" baseline to use as a basis for the following year's MFG. The way this is done could have quite an influence on the MFG total in the following year.

If LAs in this position are not to lose out, some adjustments to the baseline will be necessary. (It won't matter in future years, because there will be an NFF pre block transfer to work with).

The annual funding cycle

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?

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?

Please limit your answer to 200 words.:

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?

Please limit your answer to 200 words.:

We would prefer to submit the data on school reorganisations and amended pupil numbers once we have the October census data. They are likely to be more realistic than if submitted earlier.

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?

One single data collection

25 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?