



Schools Forum
20 June 2023

**Report from the Strategic Director
of Children and Young People**

Update on Implementing the Direct National Funding Formula (NFF)

Wards Affected:	All
Key or Non-Key Decision: (only applicable for Cabinet, Cabinet Sub Committee and officer decisions)	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	N/A
Background Papers:	None
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1. Purpose of the Report

- 1.1. This report provides an update on the government consultation response on implementing the direct NFF which was published in April 2023.

2. Recommendation(s)

- 2.1. Schools Forum to note the contents of this report and discuss the implications of the proposed changes to the NFF from the 2024/25 financial year.

3. Summary

- 3.1. In 2021 the DfE carried out a consultation: [Fair school funding for all: completing our reforms to the National Funding Formula - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/fair-school-funding-for-all-completing-our-reforms-to-the-national-funding-formula). Details of this were presented to Schools Forum in November 2021 with results presented at the June 2022 forum. The government confirmed

its commitment to introduce the direct NFF which means, in time, every mainstream school's final funding allocation will be determined by the same NFF.

- 3.2. The department held a second consultation on these reforms between June and September 2022: [Implementing the direct national funding formula - government consultation \(education.gov.uk\)](https://www.education.gov.uk/government/consultations/Implementing-the-direct-national-funding-formula). The response which confirms the approach to implementing the direct NFF was published in April 2023: [Implementing the Direct National Funding Formula Government consultation response \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/consultations/Implementing-the-Direct-National-Funding-Formula-Government-consultation-response).

4. Updates – Government Consultation Response on Implementing the Direct National Funding Formula

- 4.1. The main changes that are likely to have an impact on Brent schools from 2024/25 are summarised below:

- 4.1.1. The Government will allow continued flexibility for LAs to transfer funding to high needs budgets with an adjustment to mainstream schools' funding allocations through an application process to the Secretary of State. The application requests will draw from a short menu of potential options on how funding adjustments to mainstream schools should be made. LAs will need to consult with local stakeholders and include the result of these consultations in their applications to the Secretary of States.

The detail of who will need to be consulted, and how, in the local authority application process will be developed in parallel with wider policy thinking on the role of local SEND and alternative provision partnerships as set out in the SEND and Alternative Provision Improvement Plan, as well as the existing responsibilities of school forums. There are plans to engage further with stakeholders to discuss what role local inclusion partnerships could have in these consultations.

- 4.1.2. There are plans to introduce a national approach to calculating individual schools' indicative SEND budgets. The indicative SEND budgets will be calculated in the direct NFF and would replace the current notional SEND budgets, for mainstream schools to have an indication of the portion of their core budget that meets the additional costs of provision for pupils with SEND and to reinforce the message that schools' core budgets are expected to provide for support to these pupils. The current threshold is £6k per pupil. There will be further consultation on the design and operation of this approach, including aligning with the reforms in the Government's SEND and Alternative Provision Improvement Plan.

- 4.1.3. There will be changes to falling rolls calculations with LAs required to use standardised criteria.

The restriction that falling rolls funding can only be provided to schools judged “Good” or “Outstanding” by Ofsted will be removed from 2024/25.

LAs will be required to only provide funding where their School Capacity Survey (SCAP) data shows that school places will be required in the subsequent three to five years, replacing the current requirement to use local planning assessments.

Brent does not currently provide falling rolls funding. However, schools experiencing falling rolls may benefit when the direct NFF is enforced.

- 4.1.4. There will be changes to growth funding calculations with LAs required to use standardised criteria.

Brent’s growth budget currently funds increase in pupil numbers, as well as the Choice Advice and Fair Access Interview (CAFAI) projects for children who have newly arrived in the UK and require additional educational support. Some local flexibility in the allocation of growth funding to schools will be retained, rather than moving to a fully national, standardised system. Schools forum is advised to discuss the impact of the proposed changes on the continuity of the CAFAI projects beyond 2024/25.

The government anticipates that some local authorities will choose to allocate growth funding in circumstances beyond the national requirements or at a higher rate and as such, would consider such circumstances with the move towards the direct NFF. Schools Forum is advised to note the impact of this change on the current growth funding allocations in Brent. For example, rising rolls payments are allocated twice a year, however, the DfE’s growth fund methodology is likely to be based on an annual payment looking at the increases between October censuses.

The use of the growth fund will extend to allow LAs to fund the revenue costs associated with repurposing or reducing school places. Such funding could support LAs to repurpose surplus space to create SEND Units or Resourced Bases in mainstream schools.

- 4.1.5. The government has confirmed plans to allocate split sites funding nationally based on a formula factor made up of a ‘basic eligibility’ element and a ‘distance eligibility’ element from 2024/25.

The basic eligibility criteria for split site funding would require additional sites to:

- Be separated from the school’s main site by a public road or railway.
- Be used primarily for the education of 5 to 16-year-olds.
- Share a unique reference number (URN).
- Have a building on a site that is maintained by the school.

Distance eligibility will be 500 metres. It is acknowledged that a hard “cut off” would disadvantage schools that are just below the threshold, so a distance taper will be included as part of the formula, starting at 100 metres.

Split sites funding will be set at a maximum of 60% of the 2024/25 NFF. This is c£77k using the current 2023/24 NFF lump sum rate.

This maximum funding level would impact all 4 Brent schools that are currently in receipt of split sites funding. As shown in the table below using the current rates as an illustration.

Table 1

School	Total 2023/24 allocation	Maximum funding allocation under direct NFF	Shortfall
	£	£	£
Alperton	£334,790	£76,800	£257,990
Islamia*	£96,958	£76,800	£20,158
KHS	£337,860	£76,800	£261,060
Leopold	£223,933	£76,800	£147,133

* Actual funding may be lower as this school does not meet the full distance criteria.

- 4.1.6. In line with the position that schools should be protected from changes in funding resulting from policy changes through transition to a direct NFF, the government has confirmed that schools with split sites that lose funding, or are no longer eligible, as a result of the “formularisation” of the split sites factor will see their funding protected through the minimum funding guarantee (MFG) until the direct NFF is fully in place.

- 4.1.7. The provisional 2024/25 NFF for schools and high needs will be announced in July, in line with the usual timetable. This will also confirm requirements on LAs to bring their local funding formulae closer to the NFF in 2024/25, following the initial transitional steps in 2023/24.

The government plans to engage further on funding for PFI schools and the determination of indicative SEND budgets.

5. Financial Implications

- 5.1. The financial implications are set out in the body of this report.

6. Legal Implications

- 6.1. There are no legal implications for this report.

7. Equality Implications

- 7.1. Not applicable.

8. Consultation with Ward Members and Stakeholders

- 8.1. Not applicable.

9. Human Resources/Property Implications (if appropriate)

- 9.1. Not applicable.

Related documents for reference:

Schools Block LFF Proposed Arrangements– November 2021 Forum

DSG Outturn 2021-22 - June 2022 Forum

DSG Provisional funding Update -November 2022 Forum

Report sign off:

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