

DERBYSHIRE SCHOOLS FORUM

29th June 2022

6:00pm

Microsoft Teams meeting

AGENDA

1. Apologies for Absence
2. Minutes of the Schools Forum meeting held on 27th January 2022 p.2
3. DSG outturn 2021-22 p.7
4. Briefing note: DfE White paper “Opportunity for all: strong schools with great teachers for your child” and DfE Green paper “SEND review: right support, right place, right time” p.13
5. National Funding Formula consultation p.15
6. Election of Chair/Vice Chair
7. Dates and venue of next meetings:

Please remember to send any
apologies to
schoolsforum@derbyshire.gov.uk

DERBYSHIRE COUNTY COUNCIL DERBYSHIRE SCHOOLS' FORUM

Minutes of the Meeting Held on 27th January 2022 At 6pm on Microsoft Teams

Present

Members	School / Organisation
Alan Thomas	Northfield Junior
George Wolfe	Curbar Primary
Jennifer Murphy	Hunloke Park Primary
Peter Johnston	The Village Federation
Thomas Osborn	Baslow St Anne's
Chris Greenhough	Swanwick School & Sports College
Nick Goforth	Belper Secondary School
Martin Brader	Dronfield Henry Fanshawe
Peter Hallsworth	South Normanton Nursery
Tom England	Esteem MAT
Julian Scholefield	Esteem MAT
Joy Williams	David Neiper Academy
Tim Croft	Redhill Academy Trust
Keith Hirst	Brookfield Community School
Jeannie Haigh	Willows Academy Trust
Sarah Baker	Team Education Trust
Simon Redfern	St Ralph Sherwin Trust
Margaret Mason	Children 1st
Peter Crowe	ASCL
Deborah Turner	NEU
Substitutes	
Cilla Holman	Hadfield Infants School
Chris Wayment	ASCL
Observers	
Cllr Ruth George	Derbyshire County Council
DCC Officers/others	
Carol Cammiss	Executive Director, Children's Services
Saranjit Shetra	Assistant Director, Education & Improvement
Paula Williams	Assistant Director, Learning Access & Inclusion
Iain Peel	Service Director, Schools and Learning
Amanda Gordon	Early Years Manager
Jane Morgan	Risk & Insurance Manager
Sarah Bryan	Early Years Manager
Chris Allcock	CS & T Finance
Phil Burrows	CS & T Finance
Shelley Kerslake	CS & T Finance
Andy Walker	CS & T Finance
Ruth Lane	CS & T Finance

Martin Brader chaired the meeting.

Chris Allcock confirmed that the meeting was quorate. Chris welcomed Simon Redfern the new Diocesan representative from The St Ralph Sherwin CMAT and

Carol Cammiss, the recently appointed Executive Director for Children's Services, who gave a few words of introduction.

22/03 Apologies

Siobhan Johnston
Laura Needham
Michelle Jenkins
Ben Riggott
Canon Carolyn Lewis
Emma Hill

The Brigg Infants
Cavendish Learning Trust
Etwall Primary
Parkside Community
Church of England Diocese - Derby
Castle View Primary

22/04 Minutes of The Schools Forum 1st December 2021

The minutes were approved for accuracy and there were no matters arising.

22/05 Minutes of The Schools Forum 12th January 2022

The minutes were approved for accuracy and there were no matters arising.

22/06 Schools Insurance Update

Jane Morgan, the Council's Insurance & Risk Manager, gave a PowerPoint presentation on schools' insurance. The current position for schools is that insurance is de-delegated. The LA's insurance contract was agreed in 2019 for five years with a potential break clause in May 2022.

The base price in 2021-22 is £22.56 per pupil. An actuarial review has resulted in a reduced price of £22.25 per pupil for 2022-23, subject to annual review. The price for 2022-23 also now includes "all risk" cover for personal accident and travel for which there is currently a separate charge. The new arrangements therefore represent a saving of around £5 per pupil compared with 2021-22.

The new rates are more competitive, the comparable insurance arrangements via the DfE's Risk Protection Arrangements is £22 per pupil, whilst the School and Academy Insurance Framework offer from Zurich was now around £30 per pupil

Jane said that the LA proposes retaining the current insurance scheme for the next two years. The Authority will invite tenders for a replacement contract for LA maintained schools to take effect from 2024, the level of cover and cost per pupil cannot be guaranteed at this stage.

No comments were raised from the floor and the Forum agreed to note the position.

22/07 Schools Block 2022-23 – final settlement and outcomes

Chris Allcock gave a verbal report. The Schools Block budget report 2022-23 had been considered and approved by Cabinet at its meeting on 24th January 2022. The final figures were consistent with the position presented to Schools Forum on 12th January 2022. Cabinet's decision was still subject to the five day calling in period, whilst the final formula details were subject to approval by the Education and Skills Funding Agency (ESFA). The ESFA have raised a couple of minor issues to resolve

but nothing that should derail approval. The intention was that provisional Schools Block budgets would be published either tomorrow (28th) or Monday (31st).

Finally, Chris confirmed that the DfE had rejected the Authority's requested reduction in the Minimum Per Pupil Level for 2022-23.

Forum agreed to note the briefing.

22/08 High Needs Block Budgets 2022-23

Chris Allcock presented a paper to report the High Needs Block settlement for 2022-23 and seek the views of the Schools Forum on its allocation.

The High Needs Block (HNB) settlement published on the 16th December 2021 was better than the indicative sum signalled back in July 2021 with a further 4.12% increase, resulting in an additional £3.839m for Derbyshire. This extra funding recognises the additional costs that LAs and schools will face in the coming year which were not foreseen when the original HNB allocations were calculated, including the Health and Social Care Levy.

Chris had attended an F40 webinar where it was confirmed by the Deputy Director of the DfE's Funding Policy Unit that the extra funding is part of the HNB and there are no restrictions on its use.

Chris confirmed that the DfE had signalled that the HNB increases for 2022-23 of around 13% were exceptional and cannot be expected in the future; for planning purposes the DfE recommended that LAs assume increases of 5% in 2023-24 and 3% per annum beyond that.

Locally, the latest HNB monitoring for Derbyshire indicates a 2021-22 overspend of £4.787m, around £0.9m more than the figure reported to the December Forum meeting. The additional pressure reflects increases in the overspends for independent special schools (£0.67m) and special schools (£0.40m).

The budget increases for 2022-23 for special schools, Enhanced Resource (ER) schools and Pupil Referral Units (PRUs) can only be delivered by an increase in the profiles as the place values are set nationally. The proposed profile increases of between 5% and 7% would increase aggregate resources for each sector by around 3%. Informal contact with other East Midlands LAs indicates that Derbyshire's profile increases will be amongst the highest, if not the highest overall.

Within the proposed top up budgets, a contingency of £2.193m has been included which Chris felt to be the minimum required. If top-ups keep increasing the risk is that even this sum, which is higher than previous years, could prove to be insufficient.

A savings figure of £0.818m has been incorporated in the estimates which would be delivered by reducing the funding of dual registered pupils i.e. those registered both on the roll of a school and a PRU.

The allocation of the HNB is a matter for the LA, but the Schools Forum is requested to give its views. In addition, the LA maintained special schools' representative is

asked to consider and agree to top slice funding to cover the loss of the School Improvement Monitoring and Brokering Grant for 2022-23.

A general discussion then took place and the following points were raised;

Special schools are grateful that some of the additional funding is being passed on to them and they are aware the increase is at the higher end of local LAs increases. The real problem is the spiralling cost of independent placements, local maintained and academy special schools need additional funding to maintain their provision and compete with the independent sector.

Paula Williams reported that a number of work streams are on-going to increase the confidence of parents regarding Derbyshire special schools and mainstream SEN provision, to try and reduce the level of demand for more costly independent sector provision. This is a big challenge, but the LA has been successful in a number of cases to bring back pupils from the independent sector

Communication is vital and often parents feel they have to wait too long for support which can drive them towards tribunals. The number of pupils attending independent schools is increasing, in Derbyshire the average cost is £0.061m per pupil and there are currently 220 attending. If the LA says no to an independent request, parents tend to take them to tribunal and 97% of the outcomes are in favour of the parents.

In the wider context, since the 2014 SEND reforms there has been a national explosion of EHCPs. In the last three years there has been an increase of 80,000 nationally, and since 2014 there has been a 111% increase in tribunals. In 2021 alone there has been a 9.5% increase in the number of EHCPs in Derbyshire

A Forum member felt we could expect another big increase in EHCPs as we come out of COVID.

Chris Greenhough felt that, although special school resources were increasing by 3%, that is just equivalent to the increase in mainstream budgets so the supplementary grant is not really being passed on to special schools.

Chris Greenhough, the LA maintained special schools' representative, did not personally agree to top slicing funds to cover the loss of the school improvement monitoring and brokering grant. However, Chris said he would be happy to consult with the other maintained special schools for their views before coming to a decision.

The Forum agree to this approach and noted that the outcome would be reported formally to the June Forum meeting.

22/09 Early Years Block (EYB) Budgets 2022-23

Chris Allcock presented a paper to update the Schools Forum on the Early Years Block announcements for 2022-23 and to seek approval to central early years budgets for next year.

The early years funding rates for 2022-23 and implied funding totals were published by the DfE on 16th December 2021. The announcement included the following: an increase from £4.44 to £4.61 in the basic hourly rate, an increase from 53p per hour

to 60p in early years pupil premium rates and an increase in disability access funding of 30%. A supplementary grant has also been announced of £24 per pupil in nursery units and nursery schools.

In terms of the Early Years Single Funding Formula (EYSFF) that funds providers, the Authority proposes the following for 2022-23;

A universal hourly rate of £4.30, an increase of £0.14 (3.36%).

An enhanced hourly rate for nursery schools of £0.56, an increase £0.02 (3.7%).

Retention of the existing deprivation multiplier of £1.31 per hour per eligible child: the early years pupil premium which applies to the same cohort of children, will increase by 13.2%.

A nursery school lump sum of £92,500, an increase of £2,686 (2.99%).

In terms of central early years budgets, these are a matter for the Forum. Details of the proposals for 2022-23 were set out in Table 3 of the report, with the total proposed being largely unchanged from 2021-22.

No comments were raised in the meeting and the Schools Forum agreed the report's recommendations.

22/10 Date and venue of next meeting

The date of the next meeting is 29th June 2022 and a discussion took place regarding the potential venue. Alternatives to the Post Mill Centre, South Normanton were discussed as the location presented a long journey for some members, particularly those from the north west of the county.

County Hall is currently unable to accommodate the Forum safely and possible options included using a Matlock school.

It was decided to wait until closer to the date when a review of Covid restrictions could take place and a suitable venue be arranged for an in-person meeting if possible.

Finally, it was noted that Chris Allcock was retiring and that this was his last Forum meeting. The Forum Chair and others thanked Chris for his contribution to the work of the Forum over many years.

The meeting closed at 7.20pm

SCHOOLS FORUM**29th June 2022****Joint Report of the Executive Director for Children's Services
and the Interim Director of Finance & ICT****Dedicated Schools Grant Monitoring 2021-22 – Outturn****1. Purpose of the Report**

To provide the Schools Forum with the final position of the Revenue Budget outturn position of the Dedicated Schools Grant for 2021-22.

2. Information and Analysis**2.1. Outturn Summary****2.1.1 Opening position**

The net total DSG deficit brought forward from 2020-21 was £1.157m, which represents an accumulated overspend against the allocated grant of £3.755m, partially offset by other earmarked DSG reserve funds, as shown below.

Reserve	Balance at 31st March 2021
	£m
Uncommitted DSG	(3.755)
Support for pupils in schools	0.038
New Schools pre & post opening grants	2.424
Early Years contingency	0.136
Total	(1.157)

2.1.2 In-year results

The Dedicated Schools Grant (DSG) and 6th form grant income due to the Authority in 2021-22 total £373.636m. The Revenue Budget Monitoring Statement shows year-end expenditure of £377.336m. Both of these figures exclude monies recouped from the LA's gross DSG by the Education and Skills Funding Agency (ESFA), funds which are subsequently paid directly by the ESFA to academies.

Taking into account planned use of reserves of £0.193m, the 2021-22 DSG in year overspend was £3.700m.

The significant areas of expenditure and income are shown in the table below:

DSG Block	Approved* Budget	* Expenditure	Over/ (Under) Spend
	£m	£m	£m
Central School Services Block	4.903	4.145	(0.758)
Pupil Growth Funding	1.378	0.930	(0.448)
Re-pooled school funding	4.935	4.519	(0.416)
Early Years Block	41.268	40.900	(0.368)
High Needs Block	85.095	90.999	5.904
Schools Block	506.908	506.694	(0.214)
Total Expenditure	644.487	648.187	3.700
Dedicated Schools Grant	(642.164)	(642.164)	0.000
(Surplus)/Deficit			3.700

*Figures are shown before recoupment of academy funds by the ESFA.

2.2. Key Variances

- 2.2.1. **Central School Services Block (£0.758m u/s)** - The Forum agreed to leave £0.724m unallocated and thus available to help support the Authority's deficit recovery plans. The balance of the underspend relates to the allocation for additional pension costs for centrally employed teachers within the Adult Education Service.
- 2.2.2. **Pupil Growth Fund (£0.448m u/s)**. The balance is primarily due to allocations to support schools to meet KS1 pupil/teacher ratios which was below the allocated budget.
- 2.2.3. **Re-pooled school funding (£0.416m u/s)** – This is the projected underspend for those services/functions funded by monies de-delegated from schools' budgets. The underspend mainly relates to lower costs of maternity absences for primary school staff.
- 2.2.4. **Early Years Block (£0.368m u/s)** – underspends on Nursery Education Funding £0.184m and the early years improvement service underspent by £0.177m due to staff vacancies.
- 2.2.5. **High Needs Block (£5.904m o/s)** – Appendix 1. shows a more detailed breakdown of High Needs Block spending for 2021-22 compared to the budget allocations.

Areas where support for children and young people have been increasing above the initial estimates prepared for budget setting are:

Element 3 top up payments in respect of mainstream secondary, primary and nursery school children were £3.353m above the approved budget.

Element 3 top up payments in respect of children receiving their education in special schools and alternative provision (AP) exceeded the approved budget by £5.219m.

This includes an overspend of £1.129m in respect of children who are educated in Derbyshire special schools and academies and £0.683m overspend on other Local Authority special schools and academies. Independent and non-maintained special schools and independent sector SEN AP overspent by £3.625m. Expenditure on alternative provision reduced compared to initial estimates by £0.218m.

The individual overspends listed above are partially offset by an unallocated contingency budget within the High Needs Block of £1.268m, this sum was set aside to cover demographic pressures this year. Central support services and other budgets contributed a further £1.183m in underspends compared to budget.

2.2.6 Schools Block (£0.214m u/s) – reflects reduction in rates liabilities due to schools converting to academy status

2.3 Impact

The overall DSG balances at 31st March 2022 are as follows:

Reserve	Balance at 31st March 2022
	£m
Uncommitted DSG	(8.177)
Support for pupils in schools	0.056
New Schools pre & post opening grants	2.924
Early Years contingency	0.146
Total deficit	(5.050)

The DfE have included provisions in the School and Early Years Finance (England) Regulations 2021 that a DSG deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the LA not to do this.

At its meeting in October, the Schools Forum agreed a one-off 0.5% transfer from the Schools block in 2022-23 and it is estimated that this will contribute £2.627m to the net deficit above.

2.4 Individual School Balances

Collectively, local authority schools underspent in-year by a total of £4.139 million after allowing for a reduction of £0.514 million due to schools converting to academy status. The following table shows an analysis of schools' balances as at 31 March 2022 compared with the position at 31 March 2021.

	Nurs	Prim	Sec	Spec	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
Balance as at 31 March 2022	0.619	30.905	3.654	1.801	36.980
Balance as at 31 March 2021 – schools remaining maintained	0.517	29.056	2.202	1.066	32.841
Balance as at 31 March 2021 – schools converted to academy in 2021/22	0	0.403	0.111	0.000	0.514
Net Increase/(Decrease) (£ million)	0.102	1.446	1.341	0.735	3.625
	Nurs	Prim	Sec	Spec	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
March 2022 surplus balances (£ million)	0.619	31.442	4.164	1.853	38.078
March 2021 surplus balances (£ million)	0.517	29.76	2.949	1.09	34.316
March 2022 deficit balances (£ million)	0.000	0.537	0.509	0.052	1.098
March 2021 deficit balances (£ million)	0.000	0.300	0.636	0.024	0.960

In addition to the £36.980 million held by schools, £3.799 million was held in the Schools' Capital Reserve account. This reserve holds earmarked funds for future capital developments at individual schools in order to minimise the distorting effect of holding these funds within their own school balances.

3 Background Papers

Held on file within Commissioning, Communities and Policy Department.
Officer contact details – Shelley Kerlake,
shelley.kerlake@derbyshire.gov.uk.

4 Officers' Recommendations

That the Schools Forum notes

- (i) the report and the overspend for 2021-22; and
- (ii) the increase in the accumulated DSG deficit.

**Carol Cammiss
Executive Director
for Children's Services**

**Paul Stone
Interim Director of
Finance & ICT**

Report Author: Shelley Kerslake
Contact Details: X38731

Appendix 1 - High Needs Block Expenditure 2021-22

	Budget £	Actuals £	Over/(Under) Spend £
HNB Recoupment	11,325,335	11,325,335	0
Out of County Special Provision	14,787,178	19,095,935	4,308,757
HNB Special Top ups	14,358,874	15,487,638	1,128,764
HNB Secondary Top up	7,512,060	8,256,089	744,030
HNB PRU Top ups	1,976,357	1,757,869	-218,488
HNB Primary Top ups	11,131,545	13,406,216	2,274,671
HNB Nursery Top ups	413,234	747,660	334,426
Post 16 SEN non school provision	4,039,071	3,750,556	-288,515
Children Missing Education	3,908,919	3,378,689	-530,230
HNB SSEN - Specialist Teaching	4,981,953	4,818,859	-163,094
HNB SPSS Sensory & Physical Impairment Support Service	2,242,915	2,204,226	-38,689
HNB Virtual school	1,018,050	900,536	-117,514
HNB Social and Emotional Mental Health Services	2,049,926	1,843,076	-206,850
HNB Contribution to Education Psychology Service	400,000	400,000	0
HNB - Behaviour Support - TAPS	300,399	297,656	-2,743
DSG Access & Inclusion	264,000	140,561	-123,439
HNB Contingency	1,666,755	399,094	-1,267,661
Other HNB	2,696,791	2,767,950	71,159
Total High Needs Block	85,073,361	90,977,946	5,904,585

SCHOOLS FORUM**29th June 2022****Joint Report of the Executive Director for Children's Services
& Interim Director of Finance and ICT**

Briefing note: DfE White paper "Opportunity for all: strong schools with great teachers for your child" and DfE Green paper "SEND review: right support, right place, right time"

1. Purpose of the Report

To inform the Schools Forum of the key points of interest for Schools Forum arising from the DfE White paper "Opportunity for all: strong schools with great teachers for your child" and DfE Green paper "SEND review: right support, right place, right time"

2. Information and Analysis

The DfE's policy (white) paper "Opportunity for all: strong schools with great teachers for your child" and consultation (green) paper "SEND review: right support, right place, right time" were published in March of this year. Appendix A. includes a presentation outlining the white paper key policy objectives and summarising the green paper review findings.

Whilst we need to await further details before we can fully understand any financial implications of changes to the education system that may follow, there are some key points Schools Forum members should be aware of:

Fully trust led system.

- By 2030, all children being taught in a family of schools, with their school in a strong multi academy trust or with plans to join one.
- Secretary of State to have power to bring a LA's maintained schools into a trust if requested by the LA.
- Proposals include consulting on moving schools with two consecutive "Below Good" inspections into strong trusts.

The LAs' role will evolve

- LAs to take step back from directly maintaining schools and focus on championing all children in their area, especially the most vulnerable.
- LAs will remain responsible for HNB. However, DfE will enter into new funding agreements with local authorities to provide greater accountability and transparency in how high needs budgets are spent.
- Creation of Local SEND partnerships to produce local inclusion plans, setting out how each local area will meet the national standards. Local SEND Partnerships will be key and will include EY, schools, FE, AP and specialist representation. How this body will sit with Schools Forum and LAs is not yet defined.

Establish a single national SEND and AP system and standards

- Introduce a new national framework of banding and price tariffs for funding, matched to levels of need and types of education provision set out in the national standards

- Alternative provision schools to have funding security and stability to deliver a support service focused on early intervention, Review proposes to break the link between individual pupil movements and funding. Local partnerships expected to agree a multi-year budget to be spent on alternative provision (ideally for a minimum of 3 years). Funding to vary based on type of service and placement but will no longer follow the movements of pupils.

There are likely to be costs attached to delivering the changes set out in the white and green papers, for example:

- £30k starting salary and levelling up premiums to incentivise teachers to work in subjects and places where they are needed most.
- Minimum school week of 32.5 hours by September 2023 at the latest (excludes specialist settings) and DfE to encourage state funded schools to go further than 32.5 hours where possible. Also a richer school week will include an entitlement for children to access music, sport & cultural activities.
- Children who fall behind in English or maths will get the right support via high quality tutoring.
- Key support provided via the Parent Pledge (a promise from the government, via schools to families) that children needing support will get it on a timely basis.
- Focus of AP towards early intervention to manage challenging behaviour and needs early, reducing preventable exclusions

There are also indications of potential areas of investment or additional funding:

- DfE to invest £7Bn by 2024-25 in the core schools budget compared with 2021-22. DfE to transition using national funding formula in full i.e. without local amendment. (NFF Consultation).
- Education Investment Areas – 55, including Derbyshire, increase funding/support incl. extra funding in priority areas with the most “entrenched challenges”.
- Stabilise local SEND systems via £300m/£85m over next 3 years for Safety Valve and Delivering Better Value programmes for LAs with largest DSG deficits
- Invest £2.6bn over the next three years to deliver new places and improve provision and £30m to support 10,000 additional respite placements
- £2.6Bn Pupil Premium seen as key to helping schools deliver the Parent Pledge.
- £1bn to establish National Tutoring Programme
- £180m to improve Early Years teaching quality
- Invest £18 million over the next three years to build capacity in the Supported Internships Programme and improve transitions at further education

3. **Background Papers** Held within Finance.

4. **Officers’ Recommendation** - That the Schools Forum notes the report.

Carol Cammiss
Executive Director
for Children’s Services

Paul Stone
Interim Director of
Finance & ICT

Report Author: Shelley Kerslake

Contact Details: X3873

SCHOOLS FORUM**29th June 2022****Joint Report of the Executive Director for Children's Services
& Interim Director of Finance and ICT****National Funding Formula Consultations****1. Purpose of the Report**

To inform the Schools Forum of the latest DfE school funding consultation and to seek views on the proposals.

2. Background (2021 DfE consultation)

In summer 2021 the DfE launched a funding consultation "*Fair school funding for all: completing our reforms to the National Funding Formula*" which set out the government's proposals regarding the shape of the final National Funding Formula (NFF) and how the current funding system should transition towards it. The consultation asked for views regarding:

- The scope of the NFF i.e. what should be included in a direct ("hard") NFF. Since the introduction of the NFF, the DfE's intention has been to move in time to a funding system in which all individual schools' budget allocations are set directly by the national formula without substantive further local adjustment.
- The changes necessary; in particular around premises allocations e.g. split site, PFI, to refine the current LA-level NFF to one that determines individual schools' budgets.
- How schools experiencing significant increases in pupil numbers should be supported.
- How the system should transition towards a school-level NFF.
- A range of ancillary issues including: MATs' ability to pool funding; reviewing the Central School Services Block (CSSB) element of the DSG and its potential inclusion in the Local Government Funding Settlement; the future role of the Schools Forum and adopting a consistent accounting period for all institutions based on the academic year.

The government published its response to the 2021 consultation in March 2022, a copy of the response can be found at: [Completing the reforms to the National Funding Formula - government consultation response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/completing-the-reforms-to-the-national-funding-formula). The key outcomes were that:

- A majority of respondents, 59% (33% against, 8% unsure) supported a direct school-level NFF; the government have confirmed their intention to implement this.
- A majority of respondents, 51% (33% against, 17% unsure) agreed with the proposed approach to support schools experiencing significant pupil growth/falling rolls. Details of the potential arrangements are covered in the latest DfE consultation and discussed in the next sections of this report.
- A significant majority, 83% (12% against, 5% unsure) supported the proposal requiring LAs to move their local formulae closer to the NFF in 2023-24. This proposal will be implemented.
- The CSSB will be reviewed and considered alongside the recent Schools White Paper.
- For central functions delivered on behalf of schools, under a direct NFF LAs will continue to have flexibilities to de-delegate maintained schools' funding, and MATs will continue to

have the ability to top-slice academy funding. The DfE will consider how the pooling of MAT funding can be made more consistent and transparent.

- There was a mixed response to the possible adoption of an academic year funding period. 51% agreed it should be reviewed, 34% disagreed and 13% were unsure. Only 9% of LAs were in favour. Amongst the concerns registered were the additional workload on maintained schools and LAs and the duplication of existing year-end processes. The availability of school staff to undertake this work during the school holidays was also a concern. In light of the responses the DfE have determined not to prioritise the introduction of an academic year funding period at this time.

3. Update (2022 DfE consultation)

On 7th June 2022 the government published its follow-up consultation “*Implementing the Direct National Funding Formula*”, the closing date for responses is 9th September 2022. The consultation document can be found at [*Implementing the direct national funding formula - government consultation \(education.gov.uk\)](https://www.gov.uk/government/consultations/implementing-the-direct-national-funding-formula)

This latest national consultation focuses further on the detail of the implementation of a direct NFF for schools that is fair, simple and transparent, efficient and predictable and which is based on the characteristics of schools and their pupils. In terms of timing, the DfE have not set a definitive final end date for implementing a direct NFF. However, to aid local authorities’ planning, the DfE expect to have moved to the direct NFF within the next five years, that is, by the **2027-28 funding year**. The DfE hope that the direct NFF may be in place sooner than this – but not later.

A brief summary of the proposals is provided at Appendix 1 with the consultation questions listed in Appendix 2. The key proposals are as follows:

- (i) Under a direct NFF, decisions on LA applications to transfer funding from schools’ budgets to the high needs block will be a matter for the Secretary of State. The DfE have confirmed that there are no changes to the arrangements for transfers from the Schools Block to High Needs for 2023-24 and this will still be a matter for school forums.
- (ii) Adjustments to schools’ budgets as a result of (i) would be from a menu of options.
- (iii) Under a direct NFF, indicative (notional) SEND budgets within school formula allocations will be calculated by the DfE.
- (iv) The DfE will issue guidance to LAs re notional SEN budget calculations for 2023-24 to improve consistency.
- (v) The SEND and AP green paper will look to create national banding and tariffs for SEN and will review the current £6,000 threshold.
- (vi) Growth and falling rolls funding – two possible approaches outlined, potentially from 2024-25, one with local flexibilities (DfE-preferred) and one based on a national formula.
- (vii) Consideration will be given to increasing the scope of growth and falling rolls funding to support LA and schools/trusts to reduce and/or re-purpose surplus capacity.
- (viii) Consideration will be given to increasing the scope of growth and falling rolls funding to support any school and academy, not just those that have been judged “good or outstanding” by OFSTED.
- (ix) The DfE are seeking views on the possible expansion of “popular growth” funding to include maintained schools as well as academies.

In terms of formula changes, the proposals would:

- (x) Allocate split site funding on the basis of a basic entitlement element (where a road separates sites) and a distance element (for sites more than 500 metres apart). These changes could take effect for 2024-25.

- (xi) Allocate funding for specified exceptional costs where these additional costs are more than 2.5% of the school's budget, rather than the current 1%. This change would take effect alongside the implementation of a direct NFF.
- (xii) Ensure Minimum Funding Guarantee protection continues under a direct NFF.

Finally, the DfE have acknowledged the complexity of PFI contracts and plan to consult on how PFI indicators would operate under a direct NFF at a later date.

The Authority intends to submit a response to the government's consultation proposals and will share a draft with Forum members over the summer. The Schools Forum is invited to offer any initial comments on the consultation and suggest points for possible inclusion in the response.

4. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, finance, human resources, legal & human rights, environmental, health, property and transport considerations.

5. Background Papers

DfE consultation document:

[*Implementing the direct national funding formula - government consultation \(education.gov.uk\)](#)

and the response to the previous NFF consultation:

[Completing the reforms to the National Funding Formula - government consultation response \(publishing.service.gov.uk\)](#)

Other files held in Corporate Services and Transformation Finance Section.

6. Officers' Recommendation

That the Schools Forum note the report and offer any initial views on the consultation proposals.

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1. The interaction between the direct NFF and funding for high needs

The interaction between funding for mainstream schools, and funding for high needs (for children and young people with more complex special educational needs and disabilities (SEND), and those who need alternative provision) is a key consideration in the DfE's reform plans, and this was echoed by many respondents to the consultation. The Government published its SEND green paper "*Right support, right place, right time*" on 29th March 2022 and concludes 22nd July 2022. Following consideration of the responses, the government proposes to consult on detailed proposals including the operation of national funding bands and tariffs. The consultation will also look at changes to the current place and top up model as well as reviewing the current expectation that schools meet the first £6,000 of additional costs.

This latest school funding consultation focusses on two areas. The first is the continued flexibility for LAs to transfer funding to the high needs block by adjusting mainstream schools' budgets. The government recognise that this has been a valuable flexibility which has helped local authorities to address the pressures they have faced. However, the DfE expect the frequency of such transfers to reduce as local systems become more financially sustainable.

The DfE propose that under a direct NFF LAs will have the responsibility for submitting any request to transfer resources to the Secretary of State for approval. Any request would need to include the amount of the transfer, what the funding would be used for, and how and which mainstream schools' allocations would be affected. The final decision maker would be the Secretary of State to ensure decisions are taken consistently and in line with the principles underpinning the NFF. There would be no decision making role for the Schools Forum, although the Secretary of State expects local authorities to have consulted the Forum and other stakeholders and taken into account the views expressed before submitting any application.

In order to make the application process more straightforward, the impact of the transfer on mainstream schools' budgets would be from a menu of options. These could include:

- a percentage reduction in all allocations;
- a percentage reduction in basic entitlement factors (rather than additional needs factors);
- a percentage reduction in additional needs factors;

The Secretary of State would also consider local views on whether to adjust both primary and secondary schools' budgets and whether the budgets of schools supported by the Minimum Funding Guarantee or Minimum Per Pupil Level factors should be adjusted.

Question 1 of the consultation seeks the views of LAs on high needs transfers.

2. Indicative SEND budget

There was clear feedback to the DfE's 2019 SEND call for evidence that school leaders and SENCOs find it helpful when setting school budgets to have a guide to the amounts they may set aside for spending on SEND support. The DfE propose to continue the concept of identifying for each school a budget for the costs of additional support for its pupils with SEND. Under the direct NFF this would be calculated by the DfE rather than by local authorities. The sum calculated would indicate the amount (not ring-fenced) within the school's overall budget that is allocated to help schools meet the costs of additional provision for children with SEND, up to a defined threshold (currently £6,000 per pupil per annum).

Subject to the green paper consultation, the DfE intend to consult on the detailed calculation of an indicative budget for SEND support within the direct NFF. The DfE will also consider and

consult on whether a different financial threshold or alternative approach would be more appropriate, consistent with the responsibilities that will sit with mainstream schools under the new national standards.

In the interim the DfE will issue guidance to local authorities on how they can calculate their schools' notional SEN budgets for 2023-24 using local formula factors, the guidance will help to bring greater consistency and help with creating the right incentives across the current system.

Question 2 of the consultation seeks views on the calculation of indicative SEND budgets.

3. Growth and Falling Rolls funding

Local authorities have a statutory responsibility under section 14 of the 1996 Education Act to ensure there are sufficient school places available in their area for every child aged 5 to 16 needing one. The recent Schools White Paper, "*Opportunity for all*", reiterated that local authorities will continue to play this important role. The DfE expects all schools and academy trusts to work collaboratively with local authorities, dioceses and other schools in the area, to ensure that there is a coordinated approach to place planning and delivery.

Growth funding is effectively part of the Schools Block, LAs' allocations are calculated on the basis of increases in pupil numbers measured at Middle Layer Super Output (MSOA) level. MSOAs are small geographic areas within the local authority with an average population of 7,200. Growth funding can only be used to meet:

- the revenue costs of new and expanding schools e.g. pre and post opening support for new free schools;
- support growth in pre-16 pupil numbers to meet basic need e.g. a bulge in numbers requiring an extra class;
- support additional classes needed to meet the infant class size regulation; and
- support falling rolls to support good and outstanding schools where places will be needed in future. Only 24 LAs have set such a fund in 2022-23, half of these are in London.

The ESFA also provides "popular growth" revenue funding where schools experience significant growth in pupil numbers due to increased popularity, to reflect their increased costs. At present, this funding is available for academies with significant forecast growth in pupil numbers – not maintained schools. Locally, Derbyshire has provided support in exceptional cases from the delegated contingency fund to maintained schools.

The consultation proposes two possible approaches to growth and falling rolls funding. The first (DfE-preferred) "local" approach – which could be implemented in 2024-25 – would allow some flexibility to help LAs respond to local planning needs within their area. Allowing this local flexibility would, however, come with some overarching allocation requirements, specifically:

- LAs would be required to use a standard and transparent formula for their growth area;
- Minimum requirements would apply to local authorities' growth criteria to ensure schools can be assured of a basic level of funding as and when they agree to take on additional pupils, e.g. mirror the basic entitlement per pupil funding rates;
- The DfE could also place minimum expectations on the circumstances in which local authorities would be required to provide growth funding;
- LAs would have to retain growth funding centrally. Under a direct NFF, local authorities would be unable to use growth funding to top-up schools' budget allocations since these would be provided directly by the NFF. If LAs did not utilise their full allocation any balance would either fall into their DSG reserves (as now) or revert back to the DfE.

In terms of falling rolls, the local approach would:

- Standardise the allowable eligibility criteria and funding methodology for local authorities using a falling rolls fund, including a minimum threshold for a school to be eligible;
- Require local authorities to use their School Capacity Survey (SCAP) data to assess whether school places will be required in the next three to five years.

The consultation also asks (Question 4) if the current support for schools with declining rolls should continue to be limited to those that are judged to be “good or outstanding” by Ofsted.

Finally, the DfE are seeking views (Question 6) on expanding the scope of growth and falling rolls funding. This would recognise the need to reduce or re-purpose surplus capacity and thus ensure the school estate remains financially viable.

The second “national” approach would have no local flexibility. The DfE have only shared this approach – which they do not favour – to enable respondents to make an informed choice. Under the national approach LAs would submit forecast numbers for schools expected to grow via a new data collection exercise. DfE would assess the forecasts against national eligibility criteria and determine whether or not the growth (or decline) is sufficient to trigger support.

Eligibility for support would be based on the following criteria:

School size	Threshold for significant growth
Fewer than 300 pupils	15 pupils
Between 300 and 600 pupils	5% increase in NOR
More than 600 pupils	30 pupils

Any support provided would be based on the basic entitlement element of the NFF.

Question 7 of the consultation asks if LAs agree with the DfE that a local approach is preferable. Finally, on the issue of “popular” growth, this funding is currently only available to academies and recognises their position in the school system. Its purpose is to remove a disincentive to MATs to take underperforming schools which usually have low pupil numbers. Funding is allocated on a case by case basis.

Question 8 of the consultation asks for comments on the proposed approach for popular growth.

4. Premises funding

Currently the funding for premises e.g. split site and exceptional circumstances in the LA-level NFF is allocated on the basis of historic costs. Under a direct school-level NFF these historic costs would become progressively less appropriate as a basis for funding. The following changes are therefore proposed for these formula elements:

4.1 Split site - 456 schools in 107 LAs receive support from this indicator. Many LAs’ current formulae require the sites to be separated by a road with around two-thirds using a minimum distance threshold. The majority of LAs (60%) allocate funding as a lump sum whilst others use pupil numbers or a points based system.

Current LA methodologies allocate an average of £58,000 per school with individual allocations ranging from £2,789 (Derbyshire) to £213,690 (Torbay). The DfE recognise that schools operating across multiple sites incur additional costs to duplicate services e.g. additional reception, caretaking, catering, pastoral support or leadership staff costs.

The DfE do not consider that these costs vary significantly with pupil numbers and hence propose allocating funding on the basis of a lump sum calculated as: basic eligibility + distance eligibility. Schools would receive the basic eligibility if their sites were separated by a road, additional funding would be triggered via the distance eligibility if the sites were more than 500 metres apart.

The basic and distance eligibility would be set at 60% of the lump sum with 20% being the basic entitlement and 40% based on distance. Questions 12 and 13 seek views on the proposed methodology and the ratio of basic to eligibility funding.

Minimum Funding Guarantee (MFG) protection would minimise the annual turbulence at individual school level from the changes. The DfE's approach would require an additional data collection exercise to establish which schools that met the national criteria. The consultation timeline indicates that the changes to split site funding could be implemented for 2024-25.

Questions 9 to 15 seek views on the proposed data collection, split site formula and levels of funding.

4.2 Exceptional circumstances – This factor is intended to account for additional premises costs that the majority of schools do not face. Currently the additional costs have to exceed 1% of the school's budget and LAs are limited in that they can only support fewer than 5% of their schools and academies through this factor.

Under the new formula, funding (as now) may be allocated for the following:

- (i) Rental agreements - where premises are necessary to deliver their curriculum because the school have inadequate facilities
- (ii) Farms – where a farm is part of the school and used for educational purposes;
- (iii) Dual or joint use agreements - schools which share the use of a facility in order to deliver their curriculum because they have inadequate facilities.

The current 1% of budget eligibility threshold will be increased to 2.5% in order that funding is targeted at schools where costs are exceptional and meaningful. Allocations will also be restricted to those schools with historic commitments for exceptional costs, local authorities will have to re-apply on behalf of their maintained schools with academies' trusts applying on behalf of their constituent academies. Schools ceasing to be eligible would be protected via MFG.

New requests would only be approved that meet the national criteria and where a school has clear, newly arising needs. The DfE expect this to apply very rarely. The DfE also indicate that the changes to this formula factor would take effect from the point that a direct NFF is implemented.

Questions 16 and 17 seek views on the proposed approach for exceptional circumstances.

5. Minimum Funding Guarantee protection under the direct NFF

Under the current funding arrangements, local authorities set a minimum funding guarantee (MFG) which protects schools from excessive year-on-year losses in per-pupil funding. The DfE have confirmed that, in the direct NFF, MFG will continue to play a crucial role for ensuring sufficient stability for schools funded above their "core" formula allocations, so that they do not see sudden drops in their per pupil funding levels. The possible loss of MFG protection has been of concern to the Forum and this commitment is therefore welcomed.

6. Using local formulae and GAG baselines when transitioning to the direct NFF

The consultation proposes to use local formulae baselines (actual General Annual Grant (GAG) allocations, for academies) for MFG purposes in the year that the DfE transition to the direct NFF. Question 18 asks if respondents agree with this approach.

7. Moving to a simplified pupil-led funding protection under the direct NFF

The current MFG arrangements protect schools from sudden losses in their pupil-led funding i.e. basic entitlement, deprivation and low prior attainment. MFG protects the rate per pupil, not the quantum i.e. schools which lose pupils can still see a reduction in budget share.

The MFG calculations currently also include school led elements e.g. lump sum and sparsity, this is necessary as LAs transition their own formula to the NFF. Once a direct NFF is in place there will be no need to include school-led elements as these should not normally vary with changes in pupil numbers.

The consultation proposes to have only a pupil-led MFG under the direct NFF and question 19 asks for views on this change.

8. Annual Funding Cycle

This section asks questions on the proposed high level timeline for the annual funding cycle under the direct NFF; what early information would be most helpful for schools to aid them in their budget planning; and the timing and nature of information the DfE will continue to collect from local authorities.

Amongst the issues discussed, and to help schools understand what the direct NFF would mean for them, the DfE propose two options:

- (i) Continue to publish notional allocations, as now, showing what each school's funding would look like for the following year if their pupil numbers and pupil characteristics remained unchanged; and/or
- (ii) Publish a "calculator" tool which allows schools to plug in their own pupil numbers and pupil characteristics, to see what their funding would be.

Questions 21 and 22 ask which of the two options would be most useful and seek comments on the funding cycle, including how the DfE could provide early budget information to schools to help their budget planning.

Questions 23 to 25 ask for comments on the options presented for data collection to support the budget calculation process, including information regarding the de-delegation of funds (so that the budgets of in-year academy converters can be adjusted).

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? - Yes/No/Unsure, comments (capped at <200 words)

Q2. Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally? - Yes/No/Unsure, comments (capped at <200 words)

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? - Comments (capped at <200 words)

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? - Yes/No/Unsure

Q5. Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities? - Comments (capped at <200 words)

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? - Yes/No/Unsure

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? - Yes/No/Unsure

Q8. Do you have any comments on the proposed approach to popular growth? - Comments (capped at <200 words)

Q9. Do you agree we should allocate split site funding on the basis of both a schools' 'basic eligibility' and 'distance eligibility'? - Yes/No/Unsure

Q10. Do you agree with our proposed criteria for split site 'basic eligibility'? - Yes/No/Unsure

Q11. Do you agree with our proposed split site distance criterion of 500m? - The distance should be shorter/about the right distance/should be longer/Unsure

Q12. Do you agree with total available split sites funding being 60% of the NFF lump sum factor? - The funding should be higher/funding is about right/funding should be lower/Unsure

Q13. Do you agree that distance eligibility should be funded at twice the rate of basic eligibility? - Distance eligibility should be given a higher weighting/distance about the right weighting/basic eligibility should be given a higher weighting/unsure

Q14. Do you agree with our proposed approach to data collection on split sites? - Yes/No/Unsure

Q15. Do you have any comments on our proposed approach to split sites funding? -
Comments (capped at <200 words)

Q16. Do you agree with our proposed approach to the exceptional circumstances factor? - Yes/No/Unsure

Q17. Do you have any comments on the proposed approach to exceptional circumstances? - Comments (capped at <200 words)

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? - Yes/No/Unsure

Q19. Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF? - Yes/No/Unsure

Q20. Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF? - Comments (capped at <200 words)

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?

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? -Comments (capped at <200 words)

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? - Comments (capped at <200 words)

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? - One single data collection/several smaller bespoke data collections/Unsure

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? - Comments (capped at <200 words)