

CITY OF WESTMINSTER**SCHOOLS' FORUM 19TH JUNE 2023****REPORT BY LEAD STRATEGIC FINANCE MANAGER – CHILDREN'S SERVICES****OUTCOME OF LATEST DFE NATIONAL FUNDING FORMULA CONSULTATION AND
2024/25 SCHOOL FUNDING FORMULA OPTIONS FOR CONSULTATION**

This report covers the outcome of the latest DfE National Funding Formula (NFF) consultation. Options regarding the timeline for the move to the DfE National Funding Formula (NFF) factor values agreed with the Schools Forum to go forward for consultation with primary and secondary headteacher groups have been worked up and included for consideration by the Schools Forum.

FOR DECISION**1. INTRODUCTION**

- 1.1 The ESFA provides pre-16 funding for schools to local authorities via the DSG. The NFF currently calculates the schools block of the Dedicated Schools Grant (DSG). The LA, then determines individual schools' funding allocations through a local formula, after consultation with the Schools' Forum. The local arrangements have maintained stability in the system, and the majority of LAs have moved towards the NFF since its introduction in 2018-19.
- 1.2 Schools Forum (14th November 2022) considered four options regarding the review of the schools block funding formula which is used to allocate funds to all schools. The option which moved a further 15% towards the NFF factor values for all factors except for IDACI which moved 25% towards NFF factor values with Minimum Funding Guarantee (MFG) at maximum +0.5% per pupil increase and Age Weighted Pupil Units (AWPU) values as the balancing figure was agreed. It was also agreed that a timeline for the move to the NFF factor values would be finalised.
- 1.3 The move towards the NFF factor values allocates more funding to Westminster primary schools particularly those with higher numbers of pupils identified as deprived, as the Westminster local formula allocates less for deprived pupils than the NFF. Primary schools therefore feel strongly that the move to the NFF factor values should be at a faster rate than the government requirements. Moving at a faster rate towards the NFF would result in more secondary schools receiving the minimum funding increase. As a compromise, in agreeing the Westminster formula factors for the 2023/24 budget calculations it was agreed that a timeline for the move the NFF factor values would be finalised.
- 1.4 Schools Forum (20th March 2023) agreed two options to be modelled over 3 years for the June 2023 Forum meeting and for consultation with headteacher groups in

September / October 2023. Schools Forum also agreed that whatever model is finally agreed is reviewed annually to consider the changing school funding landscape.

- 1.5 The DfE published their response to their second stage consultation on implementing the direct Schools National Funding Formula (NFF) consultation, in April 2023. There is no deadline for the complete move to the NFF and for 2024/25, LAs will continue to set local funding formula, within the DfE parameters which will be finalised in July 2023.

2. **OUTCOME OF DFE NATIONAL FUNDING FORMULA CONSULTATION AND SCHOOLS BUDGET 2024/25**

- 2.1 The Department for Education (DfE) published its response to the [Completing our reforms of the National Funding Formula \(NFF\) consultation](#) at the end of March 2022. The response confirmed the Government's ambition that all mainstream schools funding would be allocated based on a single national formula, replacing the current system where local authorities (LAs) allocate funding. Currently there is no fixed target date by which the hard NFF will be fully in place. Instead, there will be a transition moving LAs' local formulae progressively closer towards the NFF, providing opportunity to consider the impact of each step before making the next move. Through the completion of these reforms, school funding allocations through the NFF will no longer be subject to substantial local adjustment.

- 2.2 Between 7 June and 9 September 2022, the DfE held its second stage consultation on these reforms: [Implementing the Direct NFF](#). The consultation response published in April 2023 confirmed:

High Needs Funding

- 2.3 Continued flexibility to transfer funding to high needs budgets, with a corresponding adjustment to mainstream schools' funding allocations, through an application process to the Secretary of State.
- 2.4 Introduction of a national approach to calculating schools' indicative SEND budgets and 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.

Funding for schools experiencing significant growth in pupil numbers, or falling rolls, under a direct NFF.

- 2.5 Some local flexibility will be retained in the allocation of growth funding to schools, rather than moving to a fully national, standardised system in 2024/25. There will be a requirement for LAs to use a consistent formulation of their growth and falling rolls criteria. These requirements could be revised, and strengthened to bring about greater consistency, following the initial changes made for 2024/25. The minimum requirements for 2024/25 will be published in July 2023.
- 2.6 Falling rolls funding can only be allocated to schools where SCAP data shows that school places will be required in the subsequent three to five years and the DfE will remove the Ofsted restriction for 2024/25 that falling rolls funding can only be provided to schools judged "Good" or "Outstanding" by Ofsted. ***It is likely that this change will impact on the falling rolls funding criteria and allocations from 2024/25.***

2.7 From 2024/25 the DSG growth allocation to LAs will include funding on the basis of both growth and significant declines in pupil numbers. In line with the gradual approach during the transition to the direct NFF, the 2024/25 allocations will not be re-baselined. The DfE may rebase the amount provided in the future once they have analysed data collected through the Authority Proforma Tools (APT) collected for 2024/25. The DfE will confirm growth funding factors for 2024/25 in July 2023.

2.8 ***From 2024/25 the use of growth and falling rolls funding will be expanded 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 Resource Bases in mainstream schools. Further guidance will be provided in the Schools Operational Guide.***

The allocation of split sites and exceptional circumstances “school-led” elements funding, directly through the NFF

2.9 The Government plans to allocate split sites funding nationally on the basis of a formula factor made up of a ‘basic eligibility’ element and a ‘distance eligibility’ element from 2024/25. This will replace the current LA led approach. A national formula will allow the DfE to ensure funding is allocated consistently and fairly, and that all split site schools receive funding towards the additional costs they face from operating across separate sites.

2.10 The Government plans to allocate funding to schools who meet the basic split sites eligibility criteria which requires additional sites:

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

2.11 Split sites distance criterion threshold is 500 metres to bring consistency to the system. As a hard “cut off” would disadvantage schools who were just below the threshold, a distance taper will be included as part of the formula, starting at 100 metres.

2.12 Total split sites funding allocations will be a maximum of 60% of the NFF lump sum factor, the same maximum split site factor value will apply to all LAs. Two-thirds of the available funding will be allocated through the basic element and one-third of the available funding through the distance element. ***This may lead to required changes to the WCC split site funding in 2024/25 once the information is published in July 2023.***

2.13 Alongside this consultation response, the DfE published details of split site schools that meet the DfE’s basic and distance eligibility criteria which includes the five WCC schools which currently receive split site funding.

2.14 For some “exceptional” circumstances that the DfE think are better suited to be incorporated into other factors in the NFF, they will continue to look at their use and how to bring them into the NFF either prior to, or at the same time as the direct NFF is implemented. These include **amalgamated schools** who will receive 100% of the joint lump sums in the year they amalgamate and continue to receive 85% of the combined

lump sum of their predecessors in the year following amalgamation. The DfE will review the use of the flexibility for the following year, which allows LAs to apply for a combined lump sum of up to 70%.

- 2.15 *It is proposed to allocate St Vincent de Paul a final combined 70% lump sum (£82,620) in 2024/25 to take account of the amalgamation with Westminster Cathedral and use of the additional site. This will require an application to the DfE.***

How the DfE will operate the minimum funding guarantee (MFG) in the direct NFF to protect schools against excessive year-on-year changes in their per pupil funding.

- 2.16 The Government will use local formula baselines, and actual GAG allocations for academies, in the year that they transition to the direct NFF. This will ensure that schools continue to be protected against year-on-year losses as intended by the MFG. They will also move to a simplified pupil-led funding protection under the direct NFF.
- 2.17 Before the move to the direct NFF, the DfE will set out clearly how they will transition from the current system to a pure pupil-led per pupil protection under the direct NFF, and how the new system will operate in practice.

How the funding cycle should operate in the direct NFF – the regular timescales for gathering data to calculate funding allocations, and then confirming these allocations to schools – to support schools’ and trusts’ budget planning.

- 2.18 The DfE will continue to give early information regarding the design of the subsequent year’s formula in July each year and will aim to develop a calculator tool product that schools can use to estimate future funding.
- 2.19 The DfE will require data on planned school reorganisations and pupil number changes in December each year using a prepopulated form with data from the October census, with a short turnaround time.
- 2.20 Regarding de-delegation, the DfE will issue one single data collection in March when the direct NFF is introduced. There are no plans to change the actual payment processes for maintained schools. The DfE will pay LAs, who in turn will deduct the funding for de-delegation before they pass on the funding to maintained schools.

Other

- 2.21 LAs will continue to set local funding formula in 2024/25, within the DfE parameters which will be finalised in July. The 2024/25 NFF for schools and high needs will be announced in July 2023, 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 DfE plan to engage with the sector further on the determination of indicative SEND budgets and funding for PFI schools.
- 2.22 Local MFG protections are expected to remain in place for 2024/25, which in 2023/24 was required to be between +0% and +0.5% per pupil compared to per pupil funding in 2022/23. This will limit the impact of funding changes in the options modelled.
- 2.23 The DfE have published the 2023/24 [Mainstream schools additional grant 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/mainstream-schools-additional-grant-2023-to-2024) school-level allocations and conditions of grant. Schools have

the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures. This grant will be paid as a separate grant in 2023/24. The DfE intend to incorporate this funding into core budget allocations for 2024/25. The total allocation for mainstream schools in Westminster is £4,411,267.

3. **PRINCIPLES FOR AGREEING THE SCHOOL FUNDING FORMULA FOR 2024/25**

3.1 The following principles were agreed by Schools' Forum on 20th March 2023.

3.1.1 To move further towards the NFF factor values, as a minimum at the level required by the DfE. Having a clear direction of travel towards the NFF will help provide budget clarity for three year school budget planning.

3.1.2 Consistency and fairness - Pupils with the same characteristics are funded the same amount of money (in line with the NFF principles).

3.1.3 Aim to provide stability while not increasing the MFG significantly as this may indicate that the lower levels of funding via the NFF factors are appropriate and expose schools to risk when the hard NFF is fully introduced.

4. **FUNDING FORMULA OPTIONS FOR TIMELINE TO MOVE TO NFF FACTOR VALUES**

4.1 The DfE minimum requirements regarding the move towards the NFF in 2024/25 are not yet known. The key consideration for the Schools' Forum will be whether to move towards the NFF at the same gradual rate as the DfE requirements as a faster pace of change would mean a greater degree of turbulence for school budgets in the transitional years. Table one shows the options agreed for the timing of the move towards the NFF factor rates, for consultation with headteacher groups.

Table One – Options to be considered by headteacher groups for move to NFF factor values

	2024/25	2025/26	2026/27	2027/28
DfE indicative requirement	15%	20%	Unknown	Full NFF
Option 1: Proposed WCC move towards NFF factor values	30%	30%	Full NFF	
Option 2: Proposed WCC move towards NFF factor values	35%	25%	Full NFF	

4.2 For information, the agreed moves to the WCC formula towards the NFF factor values over the last four years are shown in table two:

Table Two – previous WCC formula moves towards the NFF

Year	2020/21	2021/22	2022/23	2023/24
WCC Move to NFF Factor Values	0%	25% move on deprivation factors	25% move on all factors	15% move on all factors / IDACI 25% move

4.3 A summary of the modelled options are shown in table three below. The MFG (which limits the movement of funds between schools) is included at the 2023/24 maximum of +0.5% and the AWPU was used as the balancing item for the detailed modelling of all the options. Additionally, all the modelled options are based on the 2023/24 total funding allocated and October 2022 data such as pupil numbers. The DfE have indicated that the MFG percentages will remain relatively low in the move towards the NFF.

Table Three – Options agreed for consultation with headteacher groups

Option	Comments	Move towards NFF	MFG	Per Pupil Funding PRIMARY			Per Pupil Funding SECONDARY		
				Highest	Lowest	Range	Highest	Lowest	Range
2023/24 For info	MFG at the maximum allowed of +0.5% per pupil. AWPU as the balancing figure.	15% further towards the NFF factor values / 25% for IDACI.	£0.370m	£7,978	£5,553	£2,425	£8,717	£6,729	£1,989
1	MFG at the maximum allowed in 2023/24 of +0.5% per pupil. AWPU as the balancing figure.	Year One - 30%	£0.408m	£8,067	£5,530	£2,537	£8,643	£6,768	£1,875
		Year Two - 30%	£0.510m	£8,157	£5,508	£2,650	£8,600	£6,833	£1,767
		Year Three - Full NFF	£0.816m	£8,264	£5,506	£2,758	£8,600	£6,906	£1,694
2	MFG at the maximum allowed in 2023/24 of +0.5% per pupil. AWPU as the balancing figure.	Year One - 35%	£0.422m	£8,082	£5,526	£2,556	£8,630	£6,778	£1,852
		Year Two - 25%	£0.510m	£8,157	£5,508	£2,650	£8,600	£6,833	£1,767
		Year Three - Full NFF	£0.816m	£8,264	£5,506	£2,758	£8,600	£6,906	£1,694

4.4 Appendix A shows the 2 options separately with allocations for each school, with comparisons to the 2023/24 final budgets. The allocations shown are after the application of the MFG. The per pupil values include the amounts for lump sums and premises factors (Business Rates and Split sites) and are consistent with previous Schools Forum analysis. The notional 2023/24 NFF allocations, published by the ESFA, are also shown and have different pupil numbers and total more than the total Schools Budget.

4.5 Appendix B shows the values that would apply to the formula factors for the two options.

5. NEXT STEPS FOR AGREEING THE MOVE TO THE NFF FACTOR VALUES AND SCHOOLS FUNDING FORMULA IN 2024/25 ONWARDS

	Description	Timing	Comments
1.	Consult with headteacher groups and seek their views on the proposed formula options and timeline, being clear that headteachers views will inform the Schools' Forum decision making.	September / October 2023	
2.	Forum paper to include feedback from headteachers groups. Options as well as feedback from primary and secondary headteachers group discussed by Forum. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2023 Schools Forum	If a consensus is not reached the Forum members will vote on the recommendations taking account of the views expressed during the consultation.
3.	Review falling rolls funding methodology in accordance with DfE requirements for 2023/24	November 2023 Schools Forum	
4.	Schools Forum recommend funding for falling rolls, growth, de-delegation items such as school restructuring costs, trade union cover costs and the total school budget to be allocated to schools.	January 2024 Schools Forum	Subject to DfE requirements published in July 2023
5.	The final option selected at the November 2023 Schools Forum will be updated based on information provided by the ESFA in December 2023 re October 2023 roll numbers and pupil characteristics for free school meals, low prior attainment etc and estimated NNDR. This will provide the estimated final school budgets for 2024/25	January 2024	These budgets can be used for initial preparation of three Year budget plans
6.	Schools issued with final 2024/25 budgets	February 2024	Once DfE agree submitted school budget tool

6. RECOMMENDATIONS

6.1 Schools' Forum is recommended to:

- 6.1.1 Agree to allocate St Vincent de Paul a final additional 70% lump sum (£82,620) in 2024/25 to take account of the amalgamation with Westminster Cathedral and use of the additional site (paragraph 2.15) subject to agreement by the DfE.
- 6.1.2 note the principles for agreeing the schools funding formula for 2024/25 budgets (section 3);
- 6.1.3 note the options agreed to go forward for consultation with primary and secondary headteacher groups in September / October 2023 (section 4); and
- 6.1.4 note the next steps for agreeing the move to the NFF factor values and schools funding formula for 2024/25 onwards (section 5).

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Background papers:

ESFA – Operational Guidance 2023/24

[Schools operational guide: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/schools-operational-guide-2023-to-2024)

Implementing the Direct National Funding Formula. Government consultation response

[Implementing the Direct National Funding Formula Government consultation response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/dnff-consultation-response)