

2019/20 DSG & Future National Funding Formula Developments

This is a very simple briefing note (avoiding technical detail and complication), which has been written following our attendance at a DfE policy session held on 18 June. This briefing is written in advance of the more detail operational guidance and DSG allocation information for 2019/20 that is now expected to be published later in July 2018.

1) National Funding Formula (NFF) Medium Term Future Policy Development - Timing and Direction from April 2020

- a. There appears to be some confusion on what has been previously said / understood about the timing of the move to a 'hard' NFF within the Schools Block at April 2020. Local authorities have understood that hard NFF will come in at April 2020. However, the DfE is saying now that this has never been explicitly stated. Prior to firmer announcements expected later in July 2018, about timing and future development of NFF, it appears from the language being used informally by the DfE that a move to a hard NFF is unlikely to take place at April 2020. The Local Authority may continue to have Schools Block formula responsibility for longer than has been previously expected.
- b. There also appears still to be a great deal of uncertainty about the future direction of NFF and the speed of progress to the implementation of the 'end product' after April 2020. The DfE's representative (at the session attended on 18 June) stressed that policy direction and values of DSG funding cannot be set out until after the autumn 2019 spending review at the earliest (stressing that NFF policy direction will be influenced by the amount of money available to spend on education and this is uncertain).
- c. So it is unlikely that we will have firm answers quickly about key issues, such as when the increase in the Authority's High Needs Block will be fully realised and what the value of any minimum funding guarantee protection for primary and secondary school will continue to be. The DfE still indicates that the position of the 50% historic protection element of the High Needs Block (the bit that means £7.5m of our growth is not allocated) will not be reviewed for another 3 financial years. The DfE's representative could give no information about the future policy direction of early years funding or nursery schools (whether nursery schools will be protected after 2019/20). The 2019/20 operational guidance for early years will be published in November 2018.
- d. NFF Schools Block formula development work is currently taking place in some targeted areas with some changes anticipated to be implemented for the 2019/20 DSG round but some taking longer to progress. The DfE referred to the following areas:
 - i. Growth Funding for expanding schools (expected change in 2019/20)
 - ii. Education in Hospital funding (expected change in 2019/20 but subject to completion of a consultation in autumn 2018)
 - iii. Pupil Mobility (no change though in 2019/20, expected in 2020/21)
 - iv. BSF / PFI (no change though in 2019/20, uncertain when change may be implemented)
- e. The DfE's representative stated very clearly that the DfE has no intention to change current de-delegation arrangements at April 2020 (there had been a suggestion that de-delegation as a way of financing certain services for maintained schools would not be permitted after 2019/20).
- f. Work to better 'describe' SEND needs, responsibilities and costs is continuing and this work will influence future policy on high needs funding and 'notional SEND' replacement. There is no timescale currently for the release of further information about policy development in this area. There won't be any response to this work within the 2019/20 arrangements.

- g. The Schools Financial Value Standard for maintained schools is set to be revised for April 2019 (for reporting at March 2020). A voluntary standard is set to come in for academies in autumn 2018.

2) 2019/20 DSG Arrangements

- a. No major changes are expected from what has already been announced for 2019/20.
- b. More substantial of the 'minor' material changes that will affect Bradford (there are some other minor changes that would not affect Bradford) are:
 - i. Growth Funding in the Schools Block (at DSG not individual school level) allocated via a new 'lagged proxy' formula rather than using historic spend.
 - ii. Education in Hospital funding in the High Needs Block allocated via a new formula rather than a lump sum based on historic spend.
 - iii. The introduction of an optional 1% 17/18 NFF floor for primary and secondary schools, which will allow authorities if they wish to guarantee all schools and academies a 1% per pupil increase on the DfE's published 2017/18 NFF baselines.
 - iv. Continued 100% funding in the Central Schools Services Block of historic commitments (previously it was expected that historic commitments funding would start to reduce / cease in 2019/20).
 - v. A minor change to the NFF variable value for low attainment in the primary sector.
- c. Data used to calculate High Needs Block funding (proxy measures) will be updated where it can be. As we are on the gains cap in the High Needs Block this is unlikely to affect our allocation in 2019/20. However, it may update our view about the NFF 'end product' for our high needs funding.
- d. Authorities will be permitted again to transfer monies from the Schools Block to the High Needs Block in 2019/20. The expected parameters are as in 2018/19 (up to 0.5% needs Schools Forum approval following consultation with all schools; greater than 0.5% needs Schools Forum and Secretary of State approval).
- e. Provisional DSG allocations for 2019/20 will be published later in July 2018, which will enable our formula development / affordability work to begin with more certainty leading into our consultations and discussions in the autumn term.

Forum Members are invited to attend a 'Formula Funding Working Group' session, on Monday 1 October (8am) or Tuesday 2 October (8am) or Thursday 4 October (8am). As last year, these sessions will enable Forum Members to consider in more detail the impact of formula funding decisions and to explore and guide the proposals for 2019/20 that will be set out for consultation in October.