

## SCHOOLS FORUM AGENDA ITEM

For Action



For Information



**Brief Description of Item** (including the purpose / reason for presenting this for consideration by the Forum)

**This report provides an update on the development and implementation of National Funding Formula.**

**Date (s) of any Previous Discussion at the Forum**

The Schools Forum made its recommendations on the 2019/20 DSG on 9 January 2019. Updates, which included areas of review, were presented to the Schools Forum in March and July.

**Background / Context**

We have previously highlighted the uncertainty of arrangements for 2020/21 concerning the shape and value of our DSG and the National Funding Formula (NFF). We normally begin to receive detailed information from Government on the following's years DSG and formula funding arrangements in June / July, which enables us to formulate plans for consultation, which we can then begin to discuss with schools and providers early in the autumn term. The critical DSG announcements are expected cover:

- Early Years Block overall settlement.
- Early Years Block nursery school protection after August 2020.
- Schools Block overall settlement.
- Schools Block development of National Funding Formula at factor level including mobility, growth and PFI.
- Schools Block Minimum Funding Guarantee.
- Schools Block permitted framework for de-delegated funds.
- Schools Block flexibility for the movement of funds to the High Needs Block.
- High Needs Block overall settlement and release of damping.
- High Needs Block uplift of the Place-Plus thresholds.
- High Needs Block funding of education in hospital and medical home tuition.
- High Needs Block national re-definition of notional SEND.
- High Needs Block outcomes of the national alternative provision review.
- Central Schools Services Block historic commitments funding.
- The status of / merger ('mainstreaming') of grant streams e.g. teacher pay grant into the DSG and the impact on baselines and protections.

In our update in July, we outlined what we knew at this time from announcements previously made:

- The hard primary & secondary National Funding Formula (NFF) will not be implemented until April 2021 at the earliest. The Local Authority, with the Schools Forum, will set Bradford's formula arrangements for 2020/21.
- The current protected level of funding for maintained nursery schools is in place until at least Sept 2020.
- The autumn 2019 spending review will determine most of the matters listed above. Announcements concerning levels of funding however are unlikely to be made prior to this review.
- The DfE is currently conducting a 'call for evidence' on financial arrangements for SEND and Alternative Provision, with the stated expectation that views collected in this exercise will inform the autumn 2019 spending review and may mean changes to high needs funding, including to Place-Plus thresholds and the definition of notional SEND budgets.
- There are some specific areas of the primary & secondary NFF that may be adjusted in 2020/21, including a new NFF for pupil mobility. ESFA representatives also indicated that:
  - NFF composition changes may be implemented for 2020/21 irrespective of decisions to be taken about levels of funding.
  - NFF 'baselines' may be updated to reflect 2019/20 spending & DSG distribution.
  - It is a "safe assumption" that there will be flexibility in 2020/21 to transfer Schools Block monies to the High Needs Block.
- As in 2019/20, we may reasonably expect the DfE to make small adjustments to the primary & secondary NFF weightings and variable values to maintain the same distribution of funding at national level when using updated October 2019 Census data e.g. to maintain the same proportionate spend within the NFF on deprivation factors.

### **Details of the Item for Consideration**

The Secretary of State made a statement on education funding to Parliament on Tuesday 3 September. This was followed by the Chancellor's Autumn Spending Round statement on Wednesday 4 September.

At time of writing this report for the Schools Forum, the DfE has not yet published the detailed information on the DSG settlement or National Funding Formula, or its operational guidance on formula funding arrangements, which are necessary for us to set out a full assessment of the position and options for 2020/21. This detailed information is expected between now and early October. Any further information that is published between the writing of this report and the Forum meeting will be summarised verbally.

Although what has been announced so far does allow us to begin to think about options, there are three critical DSG announcements that have not yet been made:

- The position of the funding of maintained nursery schools for the full 2020/21 financial year.
- How the additional £700m for high needs is to be allocated and how much more Bradford will receive in 2020/21.
- The extent to which any changes as a result of the DfE's Call for Evidence on the financial arrangements for SEND and alternative provision (place-funding value, notional SEND, £6,000 threshold etc) will be brought into high needs funding arrangements in 2020/21.

Combining the two statements to Parliament on 3 and 4 September:

- This is a 3 year funding settlement for schools, which increases the national schools budget by £7.1bn to £52.2bn by 2022/23 (£4.6bn above inflation).
- The intention to move to a 'hard' NFF in the Schools Block "as soon as possible" is "re-affirmed", but no explicit timeframe is yet given.
- The settlement for primary and secondary schools and academies is calculated so that funding for all schools and academies can rise at least in line with inflation in 2020/21. The inflation figure used in the Autumn Spending Round statement is 1.8%.
- The damping within the Schools Block National Funding Formula will be fully removed (releasing all NFF gains in the Schools Block). For schools already on their NFF allocations, "the per pupil values in the formula will increase by at least 4% in nominal terms in 2020/21".
- At school level, the secondary phase minimum formula funding per pupil value will be increased from £4,800 to £5,000 in 2020/21. The primary phase minimum will be increased from £3,500 to £3,750 in 2020/21 and then to £4,000 in 2021/22. It is unclear whether these are required or optional increases.
- This settlement is in addition to the continuation of additional funding over the next 3 years to cover the increased cost of employer contributions to teacher pensions.
- The national budget for early years is increased in 2020/21 by £66m, which is c. 1.8% on 2019/20 (so covering inflation).
- "Over" £700m is additionally allocated for high needs in 2020/21.
- An additional £400m is allocated for 16-19 funding - £190m to raise core funding (base rate funding) from £4,000 to £4,188 in 2020/21 and £210m focused on targeted interventions such as high cost programmes, English and Maths resits, T levels, the Advanced Maths Premium and workforce investments.
- The announcements also included:
  - The intention to lift the inspection exemption on outstanding schools.
  - The intention to work with Ofsted to develop "utilisation of funding" judgements for inspections.
  - Additional funding to allow strong academy trusts to expand.
  - Funding to increase the NLE level of support available to some of the most challenging schools that require improvement (those that have been RI for a decade).
  - Funding to continue to expand the Resource Advisors programme.
  - The aim of increasing the starting salary of teachers to £30k by 2022/23.
  - The intention to launch an "ambassador schools" programme to pilot teacher flexible working.
  - £10m to establish national behaviour hubs led by Tom Bennett.
  - The intention to consult on revised behaviour and exclusion guidance.

**Details of the Item for Consideration**

- In addition to the three critical missing pieces of detail, the announcements so far have also not yet provided information on:
  - The Central Schools Services Block (NFF damping and historic commitments funding).
  - Capital funding for high needs.
  - The position of the teacher pay grant in 2020/21.
  - The position of other main school grants (Pupil Premium Grant, PE& Sports Premium, UIFSM, Year 7 Catch Up), including the extent to which these grants (and also the funding for teacher pensions) may remain separate or may be 'mainstreamed' into formula funding.
  - The position of the discrete allocation within the High Needs Block for medical / hospital education, where the intended consultation has been 'parked'.
  - Whether the Schools Block NFF will extend as expected in 2020/21 to cover pupil mobility.
  - What the continued approach is within the Schools Block to the funding of PFI costs.
  - The level of flexibility permitted to transfer Schools Block funds to the High Needs Block.

**Implications for the Dedicated Schools Grant (DSG) (if any)**

Direct and significant - as set out in the report (this is an item for information)

**Recommendations**

**Recommended – The Schools Forum is asked to note the information presented and to begin to consider the implications for the 2020/21 DSG budget planning round.**

**List of Supporting Appendices / Papers (where applicable)**

None

**Contact Officer (name, telephone number and email address)**

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