

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 a number of matters relating to the 2020/21 Dedicated Schools Grant.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2020/21 DSG on 8 January 2020.

Background / Context

See the details for consideration below.

Details of the Item for Consideration

Short Updates on Various DSG Matters

We received the ESFA's approval of our request to set a Minimum Funding Guarantee for the Schools Block of + 2.34% on 10 January 2020. This was enacted.

The Executive proposed to Council on 20 February, un-amended, the School Forum's recommendations on the allocation of the 2020/21 DSG. These recommendations were ratified by Council. Detailed budget information was published for maintained schools and early years providers on 21 February. Initial place funding for high needs providers was also published on this day.

Members may wish to raise for the Forum's attention any significant feedback they have received directly on the 2020/21 DSG recommendations and / or the budget information that has now been published.

The Education and Skills Funding Agency (ESFA) formally confirmed its approval of our Schools Block Proforma for 2020/21 (our primary and secondary mainstream funding formula and Growth Fund / Falling Rolls Fund criteria) on 21 February.

We currently await final confirmation of our 2020/21 High Needs Block allocation. A detailed forecast of the spending position of the High Needs Block will be presented to the Schools Forum in autumn as usual. Interim updates on the development of SEND and AP provisions will continue to be presented to each Forum meeting. Managing the future year trajectory of the High Needs Block remains a key area of work to be progressed with the Schools Forum.

The reconciliation of DSG carry forward balances held at 31 March 2020 will be presented to the Schools Forum as usual in July following the 2019/20 year end closedown and then confirmed in September following the final determination of Early Years Block funding.

Within its recommendations, the £250,000 Falling Rolls Fund within the Schools Block is continued for the primary phase. Allocations for 2019/20 are presented to this meeting under agenda item 6. Recognising the information that is required in order to finalise allocations, it is anticipated that proposals for Falling Rolls funding for 2020/21 will be presented to the Forum in March 2021.

It is expected that new allocations from the established Schools Block Growth Fund (including all allocations for the secondary phase) will be presented to the Schools Forum in October or December, depending on the timing of the release of the October 2020 census data.

We now await further announcements from the DfE, in particular on the following critical DSG matters:

- The timing of the spending review and announcements regarding future DSG arrangements, funding levels and the positions (and possible 'merger' into NFF) of the main recurrent grants schools receive.
- The development and implementation of the 'hard' National Funding Formula for the Schools Block. What this hard NFF looks like. We anticipate an announcement to be made during 2020 on the timescale to the movement to hard NFF
- The position of maintained nursery school funding after 2020/21.
- The outcomes of the DfE's holistic SEND system / High Needs funding review. The DfE has stated that this review will report back during 2020.

Details of the Item for Consideration

Uncertainty

We are again in a period of uncertainty. Document LN discusses some of the main uncertainties as they affect school and academy budget planning over 2020-2023. More immediately for the Schools Forum and the Authority, in our DSG management, is the lack of informed insight into the shape and value of our DSG and the National Funding Formula at April 2021. We normally begin to receive detailed information from Government on the following's years DSG arrangements in June / July, which enables us to formulate plans for consultation, which we can then discuss with schools and providers early in the autumn term. We are currently not clear about the Government's timetable for announcements associated with the 2021/22 DSG.

As well as the matters listed above, the critical DSG announcements will also cover and potentially affect:

- The Early Years and Schools Blocks overall settlements and by how much we can continue to increase formula funding to support schools and providers in meeting continued expected annual growth in salaries.
- Support for small schools. The DfE has specifically stated in its guidance that the National Funding Formula review will look closely at how the NFF can better support small urban schools.
- How Growth Funding is calculated and managed within the Schools Block.
- How PFI (BSF) funding is calculated and managed within the Schools Block and how this funding compares at least against the costs of our existing contractual commitments.
- The position of the Minimum Funding Guarantee within the Schools Block, which is a critical consideration especially for our primary phase, where 2/3rds of schools and academies are currently funded on it.
- The balance of the distribution of new funding between the Government's policy of 'levelling up' – which in the Schools Block is directly related to the movement to mandatory minimum levels of funding per pupil and increases in these (in the primary phase to £4,000 at April 2021) – and other critical areas, including high needs, as well as ensuring a sufficient increase in funding for all providers, schools and academies.
- The framework for continuing de-delegation within the Schools Block under a hard NFF.
- The continuation of any flexibility permitting the movement of DSG funds into the High Needs Block.
- The sufficiency of the High Needs Block and the operation of the high needs funding system. The DfE's review could substantially affect a number of non-financial systems and frameworks relating to SEND and AP, but financially, amongst other things, it could affect the Place-Plus thresholds and the value of place-element funding, SEND Floor arrangements, how top up funding is calculated and administered, how notional SEND budgets are defined, how Alternative Provision funding responsibilities are aligned, how authorities are funded for hospital and medical home tuition provision, and the distribution of responsibilities between health, education and social care.

We have made a number of significant changes in formula funding arrangements across all the DSG Blocks over the last 3 years. Most recently, for example, for 2020/21, we are introducing a new Banded Model for the funding of top up for EHCPs for schools and other providers. Part of our on-going local formula funding review work for 2021/22 will be aimed at ensuring these changes are embedded. We are beginning to identify areas of formula funding that we wish to review locally for 2021/22 and, although the outcomes of these reviews are likely to be affected by Government announcements, we will aim to progress them as best as possible within our normal annual review cycle.

Outcomes of the High Needs Funding Model Consultation – EHCP Banded Model

A consultation with schools and providers was conducted between 16 December 2019 and 4 February 2020. The consultation document was published on Bradford School Online. This was presented to the Schools Forum on 8 January 2020, when the Forum gave its formal support to the changes proposed within the consultation document without exclusion. The consultation was also signposted at, and presented to, other key school / provider groups, including the SENCO's Network, District Achievement Partnership, Bradford Primary Improvement Partnership, Secondary CEOs, and the Primary Catholic Partnership. The feedback from these groups has been significantly positive, referring especially to the additional flexibility that was proposed to be included within the new EHCP model as well as the increase in top up values.

Our formal consultation asked three specific questions relating to the EHCP Banded Model:

- Question 1 – Do you agree with the new Banded Model proposed by the Local Authority? If not, please can you explain why not.
- Question 2 – Do you agree with the transition approach to the new model that is proposed by the Local Authority? If not, please can you explain why not
- Question 3 – Do you have any comments (including technical comments) on the proposed new Banded Model you would like the Authority to consider?

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As has been the case with other consultations on school funding arrangements this year, the number of formal responses received has been quite low. Typically, responses are low (or lower) where schools are in agreement with the Authority's proposals. We received 5 formal responses: 1 secondary school, 1 special school, 1 FE college and 2 primary schools.

Regarding Question 1: 2 responses "strongly agreed" and 3 responses "agreed on balance".

Regarding Question 2: 2 responses "strongly agreed" and 3 responses "agreed on balance".

Regarding Question 3: 2 responses made no further comments. 3 responses made similar comments:

- Asking for more detailed information to be provided about how the "stacking" function will work in practice and how Panel decisions will be taken.
- Asking for more detailed information on the Band descriptors (criteria for decision making) and the application of these by Panel.
- The necessity of the timeliness of EHCP assessment and the financial pressure on schools that comes from delayed assessment.
- The necessity to ensure that the contributory model for provision of specialist equipment is operated on a fair and transparent basis, and to ensure that the proposed 'reasonableness test' does protect individual schools against being disproportionately affected financially.
- Commenting that place-elements (the £6,000 and £10,000, which are set nationally) have not increased in value for inflation since 2012 and that this is placing financial pressure on schools and providers.
- Asking for improvement in the presentation of the EHCP funding information that is given to providers on a monthly basis to aid providers in their budget tracking and forecasting.

The feedback that has been received evidences clear support for the Authority's proposals. The Authority will respond, as we implement and embed the model, to the requests made for more detailed working information. We also expect to continue to annually review the model going forward to ensure that it remains effective. In doing this, we will continue to take on board feedback received from schools and providers.

Changes in the DSG Conditions – Non DSG Income added to the Schools Budget and DSG Deficits

Following its consultation, which we signalled to the Forum was taking place in the autumn, the DfE has now changed, within the new February 2020 Finance Regulations, the provisions that relate to the addition of non-DSG income into the Schools Budget and to the treatment of DSG account deficits, with the affect that:

- The Authority is no longer required to obtain the permission of the Schools Forum to carry forward or write off deficits within the DSG. Authorities are now required either to carry forward any cumulative deficit in their Schools Budget to set against DSG in the next funding period (Y+1); or to carry forward some or all of the deficit to the funding period after that (Y+2), in order to determine how much resource is available to be spent during the funding period (Y+1).
- Authorities must receive permission from the Secretary of State to add non-DSG income into the Schools Budget, either for the purposes of contributing to a deficit or to support (match fund) activities funded by the DSG.

So the statutory basis is now that a DSG deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises a local authority not to do this, and that authorities are not permitted to fund any part of the deficit from sources other than the DSG (and any specific grants whose conditions allow them to be applied to the schools budget) without the authorisation of the Secretary of State.

Bradford's DSG account is not in deficit at the end of 2019/20, and there no additional contributions from non-DSG income sources into the Schools Budget in 2020/21. Therefore, these changes do not require any immediate consideration or action.

DfE Financial Transparency Changes

The DfE has now completed a consultation on changes aimed at improving the transparency of financial arrangements relating to maintained schools. The outcomes of this consultation have not been published at the time this report has been written. However, it is expected that changes will be introduced for the 2020/21 financial year and that schools and the Authority will need to respond. These changes may require

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amendments to our Scheme for Financial Schools. Document LN presented to this meeting highlights likely / anticipated changes for action at individual school level. At DSG / Authority level, the consultation proposed:

- ‘Naming and shaming’ local authorities that are late to submit assurance and other statutory financial returns to the DfE.
- Requiring authorities to submit to the DfE, in their annual assurance returns, information regarding: the number of schools where powers of financial intervention have been used; the amounts recovered through fraud investigations; the number of schools with deficit recovery plans; the number and values of Related Party Transactions.
- The DfE then expects to adopt a more formal framework for discussing directly with authorities, including requiring ‘high level action plans’, where reporting highlights issues and risks.

Risk Protection Arrangement (RPA) – Extension to Maintained Schools

We brought to the Forum’s attention in September 2019 that the DfE launched a consultation on permitting maintained schools to access the academy sector’s Risk Protection Arrangement. The RPA is an alternative to commercial insurance. The DfE has now confirmed that maintained schools will be able to buy into this scheme from 1 April 2020. This is on an optional basis. The DfE is considering whether / how the Finance Regulations are amended to enable the Schools Forum to de-delegate funding from maintained schools in order to block purchase RPA subscription on behalf of all maintained schools. But, immediately, it is for individual schools to consider the pros and cons of this RPA arrangements compared with their current insurance arrangements – cost, management and cover. There are also certain restrictions that would apply relating to the nature of certain schools, which would need to be considered. The vast majority of maintained schools currently purchase their insurances through the Authority and the Authority will shortly be writing out to schools on subscriptions from April 2020. At DSG level, de-delegation for the purposes of RPA subscription may become a new decision that is required for the Forum to consider for 2021/22.

Adjustments for Permanent Exclusions – Maintained Schools and Academies

Adjustments are currently made to formula funding during the year following the permanent exclusion of a pupil and the subsequent inclusion of that pupil by another school or academy. These adjustments are required by the Finance Regulations and their methodology is also prescribed by these Regulations. The adjustments are calculated on an Authority financial year basis, running between 1 April and 31 March.

We have had some recent discussion with an academy trust regarding how the calculation of these adjustments on a 1 April to 31 March timeline affects academies differently from maintained schools. This is because academies, funded on an academic year basis, have a greater time lag in pupil numbers (whilst both academies and maintained schools are funded on the October Census, it takes 7 months for a maintained school’s funding to ‘catch up’ whereas it takes an academy’s funding 12 months to catch up).

The Finance Regulations do permit authorities to adjust their ‘financial year’ calculation arrangements for academies, where there is local agreement to do so. This is just a note to the Forum to make Members aware that this is something that we are now looking at with a view to making an amendment to our methodology, where agreed by the Schools Forum, for the calculation of adjustments from April 2020. We anticipate presenting something further to the Forum in May.

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

As set out in the report (this is an item for information)

Recommendations

The Schools Forum is asked to consider and to note the information provided in the report.

List of Supporting Appendices / Papers (where applicable)

None

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