

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 matters relating to the future development of National Funding Formula and the 2021/22 Dedicated Schools Grant as well as an update on local formula funding review work.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2020/21 DSG on 8 January 2020. An update was presented to the Schools Forum on 11 March.

Background / Context

See the details for consideration below.

Details of the Item for Consideration

DSG & National Funding Formula Development

We normally begin to receive detailed information from Government on the following year's 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. We now await further announcements from the Government, in particular, on the following 'high-level' matters:

- The timing of the autumn spending review.
- The technical development of the hard National Funding Formula.
- The positions (and possible 'merger' into NFF) of the main recurrent additional grants schools receive.
- The outcomes of the DfE's holistic national SEND / AP system and funding review and its impact on the High Needs Block and top up funding for EHCPs and the funding of PRUs.

We are again in a period of uncertainty, with a lack of informed insight into the shape and value of our DSG and the National Funding Formula at April 2021. We are currently not clear about the Government's timetable for announcements associated with the 2021/22 DSG. Although the DfE previously stated the intention for the national SEND review to begin to report back during 2020, the Secretary of State reported to the Education Select Committee in May that this review is delayed due to the COVID-19 situation.

In the context of COVID-19, it might be reasonable to anticipate only a limited amount of technical change in national DSG and formula funding arrangements in 2021/22.

However, at detailed level, the critical DSG announcements will cover and will potentially affect:

- The Early Years and Schools Blocks settlements and by how much we can continue to increase formula funding to support schools and early years providers meet continued expected annual growth in salaries.
- The position of the protected nursery school supplement from April 2021.
- Support for small schools. The DfE has specifically stated previously 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 cost 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, previously announced by Government, 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.
- Where additional recurrent grants are merged into formula funding, how this is done and what protections are put in place. The DfE has previously stated the intention to merge the Teacher Pay Grant into formula funding for 2021/22.

Details of the Item for Consideration

- 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.

Please note that this report has been written in advance of any announcement from the DfE made late June / early July. Any further information, if available, will be presented verbally.

DSG Financial Transparency Changes

As we reported to the Schools Forum in March, the DfE has completed a consultation on changes aimed at improving the transparency of financial arrangements relating to the DSG and maintained schools. The outcomes of this consultation have not yet been published and the DfE has stated that changes in procedures are deliberated postponed due to COVID-19. We await further information on this, but can reasonably assume that these changes will be implemented in 2021.

Bradford – Local Formula Funding Review

We have made a number of significant changes to our formula funding arrangements across all the DSG Blocks over the last 3 years. Most recently and significantly, for 2020/21, we have introduced 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 is aimed at ensuring this change in our banded system is embedded. By way of re-cap, locally we have also:

- Moved to mirror the DfE's NFF for primary and secondary mainstream formula funding. We would expect to continue to mirror NFF in 2021/22. As in 2020/21, we may reasonably expect the DfE to make adjustments to the primary & secondary NFF weightings and variable values to maintain the distribution of funding at national level when using updated Census data e.g. to maintain the proportionate spend within the NFF on deprivation factors. Forum Members will already be aware of the Government's intention increase to £4,000 the primary-phase minimum per pupil funding. We have also highlighted previously that the IDACI data will be updated for 2021/22 calculations (it is updated every 5 years), and that this may create some 'turbulence' at individual school level. Some adjustments may also need to be made to the attainment factor following the cancellation of usual summer assessments due to COVID-19. We may also reasonably expect the NFF to adjust where grants are merged into it e.g. Teacher Pay Grant.
- Identified how significant decisions about the Minimum Funding Guarantee will be going forward for the formula allocations received by individual mainstream schools and academies, especially in the primary phase. This is likely to be a key recommendation for the Forum for 2021/22. Forum Members will remember that we enhanced the value of our MFG in 2020/21 (by 0.5% to 2.34%). Forum Members are also reminded that a sum of £0.540m of primary-phase Schools Block headroom is carried over from 2020/21 and that this could be used to enhance the value of the MFG in 2021/22.
- Identified issues related to falling rolls and under-subscription. The Schools Forum has a sub-group to discuss these issues and has established a primary-phase Falling Rolls Fund in the Schools Block. Further discussion is required on these issues, as reported to the Forum in March.
- Identified the funding of PFI (BSF) as an area to watch in the development of the Schools Block NFF.
- Reviewed and re-shaped responsibilities between the High Needs Block and schools in respect of the funding of alternative provision. A working group continues to discuss the development and financing of AP provision for further consideration by the Schools Forum.
- Implemented a new Day-Rate funding mechanism for our PRUs.
- Used scope within other DSG Blocks to support high needs provision costs and to release some of the previous pressure on the High Needs Block. However, the enhanced High Needs Block settlement in 2020/21 (+17% per pupil) has enabled the Authority this year to allocate funding both for the creation of additional specialist places as well as to uplift the value of top up funding delegated to schools, academies and other settings in support of children and young people with EHCPs. The sufficiency of the High Needs Block settlement going forward however, is crucial to the affordability of this approach in the future.
- Identified the significance going forward of approaches that will ensure the correct minimum level of SEND / AEN funding in schools in relation to the number of children with EHCPs. This is a key part of the DfE's 'call for evidence', which will be crucial in our development of our 'SEND Funding Floor' arrangements.

Details of the Item for Consideration

- Within the Early Years Block, we have begun to reduce the proportion of our 3 & 4 year old EYSFF that is allocated via the Deprivation & SEND supplement, with the intention to reduce this down by April 2022 to the average of our statistical neighbours, which is currently rounded at 6% (5.7%). The % will reduce to 7% in 2021/22. Alongside this, we have continued to deploy reserves (one off monies) to uplift the value of the Universal Base Rate. Within the Early Years Block, we have also implemented a new Early Years Inclusion Fund supporting emerging SEND.
- Identified the significance of pending DfE decisions concerning the continuation or cessation of the Maintained Nursery Supplement after 2020/21.

We expect that our recent decisions and actions will inform how we will respond to announcements concerning 2021/22 DSG and formula funding arrangements and changes when these are made.

We are assuming at this time that the COVID-19 situation will not directly alter DSG arrangements or school / provider-level formula funding in the medium to longer terms. DSG and formula funding has so far in 2020/21 continued to be calculated and allocated as normal. However, this is a point to continue to monitor.

We also anticipate at this time following the timetable that we have used in previous years for the development of consultation, and decision making, on DSG formula funding arrangements for 2021/22.

This begins by inviting Forum Members to attend one of 3 Formula Funding Working Group sessions that have been arranged for Tuesday 29 September (8am), Wednesday 30 September (8am) or Tuesday 6 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 2021/22 that are anticipated will be set out for consultation in October. It is anticipated that these sessions will be held virtually.

SEND Funding Floor – Mainstream Primary and Secondary school and academies

As stated earlier in this report, we have identified the significance going forward of approaches that will ensure the correct minimum level of SEND / AEN funding in schools in relation to the number of children with EHCPs i.e. that primary and secondary schools and academies with higher proportions of pupils with EHCPs have sufficient resources to cover the cost of 'element 2' (currently £6,000) without this detracting (in a way that is disproportionate from the position found in other schools) from the amount of funding available to them for use in support of their wider SEND and AEN.

Our current SEND Floor arrangement was substantially affected by our movement to NFF at April 2018. Since then, the values of SEND Floor allocations received by individual primary and secondary schools and academies have been protected at 2017/18 cash levels, pending expected review.

As we stated in our autumn 2019 consultations, we have not progressed a review locally because we have anticipated that the DfE's national SEND and EHCP reviews (following the July 2019 'call for evidence') would very likely result in a more prescriptive approach that authorities have to follow, possibly from April 2021. We did not see merit in adjusting our system for 2020/21 for this to be immediately changed by a new national policy.

However, we are starting to see a greater number of issues being raised by schools and academies in respect of the sufficiency of their element 2 funding in relation to their number of EHCPs. These issues are expanding as the number of pupils with EHCPs continues to grow.

Although the status of the DfE's national review is not confirmed, we are minded to take the view that, in all likelihood, this review will be delayed. In this context, we feel it is appropriate to begin now to more seriously consider our local review of the SEND Funding Floor, to ensure that it is fit for purpose from April 2021 should the DfE not prescribe a national methodology.

Therefore, we are beginning to develop options for a new approach, which we would like to begin to discuss with the Schools Forum in September.

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

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

Recommendations

- (1) The Schools Forum is asked to consider and to note the information provided.
- (2) Forum Members are invited to attend a 'Formula Funding Working Group' session, on Tuesday 29 September (8am) or Wednesday 30 September (8am) or Tuesday 6 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 2021/22 that are anticipated will be set out for consultation in October.

List of Supporting Appendices / Papers (where applicable)

None

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