

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 Dedicated Schools Grant, including on the financial implications of COVID-19 on the DSG and on early years entitlement funding arrangements and the position of maintained nursery schools for 2021/22. Within its consideration of this report, the Schools Forum is asked for its view on the DfE's consultation on proposed amendments to the High Needs Block National Funding Formula for 2022/23 and on the signalling of further changes to come. The Forum is asked to consider whether it wishes to support the Authority's response or to submit its own response to this consultation.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2021/22 DSG on 13 January 2021.

Background / Context

See the details for consideration below.

Details of the Item for Consideration

Shorter updates on a number of DSG matters

The Executive proposed to Council, un-amended, the School Forum's recommendations on the allocation of the 2021/22 Schools Budget. These recommendations were ratified by Council on 18 February. Detailed budget information was published for schools and for early years providers on 19 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 2021/22 DSG recommendations and / or on the budget information that has now been published.

The Education and Skills Funding Agency (ESFA) has formally confirmed, again un-amended, its approval of our Schools Block Pro-forma for 2021/22 (our primary and secondary mainstream funding formula and Growth Fund / Falling Rolls Fund criteria).

We currently await final confirmation of our 2021/22 High Needs Block allocation. A detailed forecast of the spending position of the High Needs Block, as part of our DSG Management Plan (initially presented on 13 January), will be provided for the Schools Forum in autumn as usual. Managing the future year trajectory of the High Needs Block, within the context of impending SEND, EHCP and alternative provision system and funding changes, remains a key area of work to be progressed with the Schools Forum.

At the time of writing this report, we still await announcements and clarification from the DfE on the funding of maintained nursery schools from September 2021. The DfE also has not yet provided further guidance on how local authorities can apply for a maximum 85% of spring term 2020's Early Years Block numbers, where January 2021 entitlement numbers may be low but then grow during the 2021 spring term after the January census has been taken. The DfE has also not yet said anything further about any possible changes that might be made to the approach to allocating Early Years Block funding for the 2021 summer term.

The reconciliation of DSG balances held at 31 March 2021 will be presented to the Forum as usual in July following the 2020/21 year end closedown and then confirmed in September following the final determination of Early Years Block funding. We remind the Forum of the warnings we have given previously about how uncertain the cost of our early years entitlement funding arrangements currently are for the spring 2021 term.

Within its recommendations for 2021/22, the Falling Rolls Fund within the Schools Block is continued for the primary phase. A report on the application of the Fund for 2020/21 is 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 2021/22 will be presented to the Forum in March 2022.

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 (primary) and December (secondary), depending on the timing of the release of the October 2021 census data.

Details of the Item for Consideration

The DfE has now confirmed that the switch to using the October census for Pupil Premium Grant (PPG) is a permanent system change. This may represent a step towards transferring the FSM part of the PPG into core DSG formula funding at a point in the future.

Uncertainty, Review and Response to Future System Change

As stated above, at the time of writing this report, we still await announcements and clarification from the DfE on the longer term funding of maintained nursery schools from September 2021. These critical announcements will trigger immediate work, discussion and consultation.

We anticipate that the DfE will make a significant announcement soon in 2021 on the development and implementation of the 'hard' National Funding Formula (NFF) for primary and secondary schools and academies. This may deliver changes in the NFF, and in other grants (such as PPG), within the next 3 year budget period that may impact both on the Authority's and the School Forum's responsibilities as well as on the levels of funding received by the District and by individual schools and academies through the DSG and other grants. Changes may also have implications for other specific activities, such as de-delegation, Growth Funding and the funding of PFI (BSF).

We are again in a period of significant uncertainty. Document MY discusses some of the main uncertainties as these affect school and academy budget planning across 2021-2024. More immediately for the Schools Forum and for the Authority, in our DSG management, is the lack of informed insight we currently have into the shape and value of our DSG and of the National Funding Formula at April 2022. 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 2022/23 DSG. However, we can assume that the normal timetable will be followed.

The extent to which DSG funding settlements after 2022/23 will be affected by public sector spending restraint following COVID-19 is unclear.

In addition to other NFF-based changes, the DfE is also now clearly signalling the potential for changes to be made to the SEND Code of Practice and to the systems and processes that govern alternative provision, SEND and EHCPs. These changes are likely to have implications for the way high needs funding operates in the future, probably from April 2023, and for the structural financial position of our High Needs Block.

We have made a number of significant changes in our formula funding arrangements across all the DSG Blocks over the last 4 years. Part of our on-going local formula funding review work for 2022/23 will be aimed at ensuring these changes are embedded and that we respond appropriately and sensibly to changes required by the national Regulations. We have already clearly stated that our introduction at April 2021 of an amended SEND Funding Floor for mainstream primary and secondary schools is for a year in trial and is subject to review for April 2022. We will progress this review to report back to the Schools Forum in the autumn term.

Outcomes of the Early Years Block Consultation 2021/22

On 13 January, the Schools Forum gave its full support to the Authority's proposals for the approach to the funding of the early years entitlements (the EYSFF) for the 2021/22 financial year. A short wider consultation on these proposals took place as agreed. We received 3 further responses; 1 from a PVI provider and 2 from maintained nursery schools. These responses also supported the Authority's technical proposals for 2021/22.

In their responses, the 2 maintained nursery schools emphasised the extremely difficult financial situation they currently face. Arrangements for the funding of nursery schools from September 2021 will be a matter for the Forum's further close consideration as soon as the DfE confirms the national funding arrangements.

The proposals for the EYSFF for 2021/22, as these were presented to the Forum on 13 January, were recommended to the Council's Executive meeting held on 16 February without amendment. These were ratified by Council on 18 February and are now being actioned.

Given that no changes on the initial proposals were put forward, and that the outline proposals were previously presented to the Early Years Working Group (EYWG) on 21 December, it was not felt necessary to reconvene the EYWG at that time to discuss the outcomes of the consultation.

The Authority expects to reconvene the EYWG shortly to discuss wider early years entitlement funding matters leading into 2022/23.

Details of the Item for Consideration

Early Years Entitlement Spring Term 2021 (COVID-19)

We expect that the Schools Forum will wish to monitor, and to consider more closely, the cost of the EYSFF for the spring term 2021 and the variances in entitlement funding, against 'normal' levels, received by providers. There are 3 main factors for the Forum to consider:

- Low January Census numbers - It is anticipated that the numbers on roll that were recorded in early years provisions at the time the January 2021 Census was taken will widely be lower than normal. This will have implications for the DSG and for provider funding in the spring term, but also knock-on implications for the summer term.
- The DfE's January Census guidance - All providers nationally have been required to complete their January Census in line with the DfE's guidance. This guidance states (expressed simply) that all providers that in Census week closed their early years provisions, or restricted attendance e.g. to only vulnerable children and to the children of key workers, must not record on their January Census the funded hours for the children that were 'not permitted' by the provider to attend. Providers must also not record funded hours where children were not permitted to attend on-site but were able to access on-line learning. This will have implications for the funded numbers recorded in the January Census at providers that were closed or partially closed in Census week. It will also have implications where providers remained closed or partially closed, as providers will have their entitlement funding reduced for these periods.
- Growth in numbers and re-opening after the January Census - the lifting of restrictions from 8 March is likely to result in a growth in the numbers of entitlement funded children on roll with early years providers recorded later in the spring term. In our guidance, published in January, the Authority confirmed that all providers are able to claim entitlement funding in respect of children that are admitted on roll later in the spring term and that were not recorded in the January Census and / or where the provider was previously closed or partially closed but has re-opened. This approach seeks to ensure that providers that may have low January Census numbers, or may have closed or partially closed for periods earlier in the term, receive funding for their entitlement delivery later in the term.

We will not be in a position to present a full picture for the Forum's consideration until the summer term (to the May meeting at the earliest but possibly not available fully until the July meeting). Currently:

- Schools, academies and PVI providers are finalising the January Census. The DfE's COLLECT database closes on 17 March. The Authority will have confirmed Census numbers only after this database closes.
- The Authority has been asking individual schools, academies and PVI providers directly to explain or to correct their returns where their January Census does not appear to be consistent with other information the Authority holds, such as weekly attendance information. The Authority is also currently resolving quite a large (and greater than normal) number of duplicate children and 30 hour code issues.
- The Authority will permit providers to submit claims up until the end of the spring term for the later intake of entitlement children, or where the provider has been closed or partially closed for periods earlier in the term but has subsequently re-opened.
- The DfE has still to provide guidance for the route through which authorities can claim up to 85% of their spring 2020 Early Years Block funding. We are still unclear about how much Early Years Block funding is available to us and, correspondingly, how much reserve we may need to deploy to cover our spring term EYSFF costs. The DfE has asked for some further information from authorities about the costs of our EYSFF, which indicates that they are currently looking at wider financial implications into 2021/22.

We will schedule this as an agenda item for the summer term for the Forum's consideration.

Reception Uplift – Primary Phase Schools Block

Within the recommendations made by the Schools Forum on 13 January, now ratified by Council, the sum of £0.917m is held within the Schools Block to support the cost of the reception uplift factor for primary schools and primary academies in 2022/23. Using this factor, mainstream primary schools and academies will receive formula funding for the additional reception year pupils that were recorded in the January 2021 Census and that were not recorded in the October 2020 Census. Had we applied this factor in 2021/22, we would have funded 114 reception pupils at an approximate cost of £0.524m.

We had hoped to give the Forum a confirmed view about the cost in 2022/23, based on the January 2021 Census. Unfortunately, at the time of writing this report, the Census returns for 33 academies are not yet released. On currently available returns, there are 80 additional reception pupils recorded, which means that the cost of the uplift factor in 2022/23 will not be lower than £0.350m.

Details of the Item for Consideration

High Needs Block – DfE’s Operational Guidance Amendment (Funding Health Services)

Responsibilities for the funding of continuing care health services for children and young people with EHCPs in schools has been a matter considered regularly by the Schools Forum since July 2019. A significant aspect has been the Forum’s understanding of the current situation, which has substantially come from the absence of clear national funding guidance. The Forum has identified that critical to resolution is the improvement in this national guidance, which must definitively explain the respective responsibilities, of the Dedicated Schools Grant and of the Clinical Commissioning Groups / NHS England in meeting the cost of health services, that are established by the Children and Families Act and by the SEND Code of Practice.

In this respect, the publication of an updated High Needs Block Operational Guidance document by the DfE on 16 February 2021 is significant. This updated document includes for the first time an Annex 3, which provides a clear statement of the financial responsibilities that are placed on the Dedicated Schools Grant High Needs Block and of where respective responsibilities should be written into EHCPs. Annex 3 is provided in full at Appendix 1.

It is expected that this clarified guidance will now help the continuing discussions with health services about respective funding responsibilities. It is anticipated that the Schools Forum will also wish to consider the strategic implications of this new guidance.

DfE Consultation on High Needs Block NFF Changes 2022/23

The DfE has published a short consultation on changes to the High Needs Block (HNB) National Funding Formula (NFF) for 2022/23. The full document is attached to this report at Appendix 2. A drafted response is attached at Appendix 3.

There are 2 main aspects to the consultation that are ‘of concern’ in terms of the potential for by how much our HNB funding may change over the longer term and may reduce in the short term in relative terms.

Medium/ longer term changes

The first aspect, not really discussed in detail but clearly signalled, is the potential for significant changes in the high needs and alternative provision (AP) systems, and subsequently in the HNB and other formula funding associated with SEND and AP, from April 2023. The consultation gives a clear steer that, following the national system / Code of Practice reviews, the funding system will change. This is ‘of concern’ because of the uncertainty this creates for our planning – we are unclear about our HNB funding level going forward, relative to now, and this in comparison to the probable greater value of spend we will have follow the review of the Code of Practice. These reviews and changes may have significant implications for the stability of our DSG Management Plan (as presented to the Forum on 13 January). It may mean, in the short term, that we need to be very cautious in our DSG planned budget setting for 2022/23.

We can identify in this consultation the suggestion that the national review of all the “big levers” of the current financial system - £6,000 threshold, £10,000 place-element, EHCP top up, notional SEND, support for mainstream SEND, AP responsibilities – will not be changed before April 2023. The DfE talks about initially consulting this year (soon) on the system proposals from the Code of Practice review and then consulting later on the implications for the HNB and other formula funding, for 2023/24.

Short term 2022/23 changes

There are two proposals, which, combined, may reduce our HNB NFF allocation relative to 2021/22.

There is a smaller proposal to amend the HNB NFF in 2022/23 to recognise that 2020 attainment data is ‘not available’ due to COVID-19. In calculating the normal 5 year rolling averages of KS2 and KS4 results, the DfE proposes to use 2019 results multiple times. One concern we have is that this approach erodes the purpose of using attainment with the NFF in the first place (attainment is meant to be a factor that identifies better than other proxy measures the real time additional needs of individual pupils). Although attainment should remain part of the NFF, we wish to suggest that the DfE uplifts the proportion of the HNB NFF that is allocated on deprivation measures and reduces the attainment proportion until real time attainment data is available again. We also suggest that the DfE should retain the current 5 year average instead of using 2019 multiple times to re-calculate this, as this re-calculation would serve to reduce Bradford’s HNB NFF funding at a time when the resources available to us to support catch up and recovery need to be maximised. The reduction is caused by our 2019 results being higher than they were in 2016.

The bigger matter for Bradford for 2022/23 however, is the historic commitments factor in the HNB NFF, where the DfE proposes:

- a) To adjust this to use 2017/18 actual rather than budgeted spend, and
- b) Possibly to increase the % of the HNB NFF that is allocated using this factor

Details of the Item for Consideration

The immediate impact of the first proposal is Bradford's HNB allocation in 2022/23 will be £2.7m lower than it otherwise would be. This is because, although we budgeted for a higher level of HNB spend in 2017/18, we did not incur all of this expenditure. We disagree with the DfE's proposal to move from budget to actual. This is because our 2017/18 budgeted spend more accurately reflects our current expenditure than our 2017/18 actual spend does. In particular, the budget recognises the cost of the specialist places we have now created. The use of actual spend will simply result in a loss of HNB funding, which is difficult to logically support in the context of our current HNB commitments.

The second part of the proposal, possibly to increase the proportion of the HNB NFF that is allocated through the historic commitments factor compared with 2021/22, is very much 'of concern'. In the short term, for 2022/23, our £2.7m loss will be magnified. The bigger concern for the longer term is what this proposal means for the movement towards the NFF. The intention of this historic commitments factor, as it was understood in 2017, was to provide protection as the NFF beds in and as local authority provisions respond. 5 years on, the DfE appears to be indicating that this commitments factor, or some alternative to it, is needed more permanently and to a higher proportion. Increasing the protection of historic HNB spend in 2022/23 is contrary to what is happening in other parts of the DSG, such as the reduction in the historic commitments factor in the Central Schools Services Block. We would also argue that Bradford has lost funding in relative terms in other places, in particular in the Early Years Block, as a result of NFF reform, which our DSG and providers have already needed to absorb. Although we recognise that there are complicated issues to resolve here, including the impact of varying local circumstances, it is difficult for us to support a position where, at the same time as managing negative impact elsewhere, our HNB NFF allocation is further reduced to provide protection for other authorities that spent more than us in their HNBS 5 years ago.

This proposal does not feel to be moving the NFF in the direction that we would expect. As a result, the gist of our drafted response is that we disagree with the increased use of the historic commitments factor, certainly where this further reduces the NFF funding result that is received by Bradford.

The Schools Forum is asked to consider Appendix 3 and whether it wishes to support the Authority's response or to submit its own response to the DfE's consultation.

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

As set out in the report.

Recommendations

- (1) The Schools Forum is asked to consider and to note the information provided in the report.**
- (2) The Forum is asked to consider whether it wishes to support the Authority's response or to submit its own response to the DfE's consultation on proposed amendments to the High Needs Block National Funding Formula for 2022/23.**

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Annex 3 of the DfE's High Needs Block Operational Guidance
Appendix 2 – DfE's High Needs Block consultation document
Appendix 3 – The Authority's drafted response to High Needs Block NFF Consultation

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