

## 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 presents the DfE's consultation on the proposed transition towards the 'hard' National Funding Formula, which was published on 8 July 2021. Appendix 2 presents the Authority's proposed response to this consultation. The Forum is asked to consider whether it wishes to support the Authority's response or to submit its own response.

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

The DfE's transition to National Funding Formula has been a matter that has been regularly considered by the Schools Forum since 2016. National Funding Formula (NFF) has been a prominent feature of the Authority's and the Forum's consideration of our local formula funding approaches and DSG management since 2016.

**Background / Context**

The DfE in 2018/19 implemented the National Funding Formula (NFF) across the Dedicated Schools Grant (DSG), and within the Schools Block in 'soft' format, meaning that local authorities can still decide the formulaic calculations used for distributing Schools Block funding to mainstream primary and secondary schools and academies, albeit within tight Regulations. Local authorities continue to set their own Growth Fund and Falling Rolls Fund arrangements. There currently are also elements of Schools Block funding that are not yet covered by the NFF, the most prominent of these being the funding of PFI (Building Schools for the Future).

The DfE has always stated its longer-term intention to transition to a 'hard' formula approach, where Schools Block formula allocations will be calculated by the DfE, using a single national funding formula, which cuts across local authority boundaries, where local authorities no longer decide their own local formula funding arrangements.

The DfE has now launched a new first-stage consultation to gather initial views on how to complete the transition to the hard National Funding Formula. This is a rather high-level consultation, focusing on general approaches and principles, to be followed by a more detailed set of proposals and further consultation. Within the document, the DfE specifically states that how Schools Block funding will support SEND will be affected by the current national reviews, the outcomes of which are still to be published. Therefore, we are still missing the detail that is required in order for us to assess the impact of the DfE's proposals on Bradford. The 2<sup>nd</sup> stage of consultation, together with the separate SEND and Alternative Provision review publications, will be crucial for our understanding and modelling.

This first-stage consultation sets out a direction of travel starting from April 2023 at the earliest. As such, what is being proposed does not directly affect our 2022/23 financial year formula funding and DSG budget setting cycle. However, we will wish to ensure that, in our decision making for 2022/23, we continue to take an approach that will minimise any turbulence that might be caused by the final transition to the hard NFF in the near future.

**Details of the Item for Consideration**

**Please see Appendix 1, which is a response drafted by the Local Authority. Members are asked to consider whether this response reflects the feedback members would wish to give and, if it does not, to propose additions and amendments. If it wishes, the Forum can submit its own response.**

To highlight some further key points on proposals as these impact on Bradford:

- There isn't much surprise. We already know the DfE's stated aim is to adopt within the Schools Block a 'hard NFF' run by central DfE. In anticipation of this, we have already moved to using the NFF for our local Schools Block formula (since 2018). So much of what the DfE proposes about requiring authorities to move closer to the NFF from April 2023 isn't an immediate worry in terms of us needing to manage substantial levels of change. Our concerns here are more related to Schools Block cost control during the final transition period.
- The consultation now doesn't deviate at all from the DfE's previously stated aim and, in fact, seeks to move to a hard NFF to the fullest extent possible – effectively replacing all local Schools Block funding arrangements that are currently managed by local authorities – not just formula funding but PFI, Growth Fund and Falling Rolls Fund. There are potential difficulties with what the DfE is proposing in principle, which the DfE doesn't give any answers to in this consultation at this stage. The document regularly talks about review work to come and finding 'alternative mechanisms'.

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

- One of the biggest potential risks for us here is the funding of PFI (Building Schools for the Future) within the Schools Block, where the Council and individual schools and academies have contractual commitments. The DfE recognises that this is an area of potential difficulty and specifically states that change to PFI funding won't take place until 2024/25 at the earliest (whereas the DfE talks about 2023/24 for other factors). We would wish to be involved in the DfE's PFI review work.
- There is no fixed end date by which hard NFF will be implemented. Change will happen gradually and following impact review at each stage from April 2023.
- Early Years and High Needs funding will remain managed by local authorities.
- Under the Schools Block hard NFF, the Local Authority will have continued responsibilities for providing certain pieces of data to the DfE so that it can calculate allocations e.g. for falling rolls, growth, split sites. We ask in our proposed response whether it would be better instead (and more timely and responsive) to allow local authorities to continue to manage these funding streams (especially Growth and Falling Rolls) according to criteria set by the DfE.
- How central local authority functions that are currently funded within the Central Schools Service Block (CSSB) operate is to be reviewed. This may lead to substantial changes, including to the CSSB being transferred into the Local Government Finance Settlement rather than remaining within the DSG. There is a general risk here that reform of the CSSB may mean that authorities lose funding (including by not receiving appropriate annual uplifts linked to specific pupil-led pressures) and / or lose the clarity on how much funding is being specifically allocated for critical education services, such as pupil admissions.
- The Schools Forum will have an adjusted role in the future, as there will be no further Schools Block activity to manage, but will still be an important local body going forward for early years, for high needs, for central services, and for responding to national consultations.
- The question is asked again (as appeared back in consultation in 2016) about whether funding for maintained schools should now be calculated on an academic year basis to align with academies. The DfE says this is an 'open question' to assess the 'appetite' for this change. There will be obvious financial accounting implications for us and for our maintained schools if this was to happen.
- Multi Academy Trusts will continue to have flexibility to pool some formula funding to distribute this between the academies within the MAT differently from notional NFF allocations.

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

The outcomes of this consultation will likely directly influence the direction of travel, from April 2023, of the Schools Block and of the Central Schools Services Block, with the detailed implications to be presented by the DfE in a 2<sup>nd</sup> stage of consultation to come. The transition to hard NFF as proposed may have wider implications for the central retention / management of DSG funding and for de-delegation within the Schools Block. This consultation also signals reform of the role of the Schools Forum in the future.

### **Recommendations**

**Recommended -**

- (1) The Schools Forum is asked to consider the implications of the DfE's movement to 'hard' National Funding Formula 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.**

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

Appendix 1 – Copy of the DfE's consultation document.  
Appendix 2 – The Local Authority's draft response.

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

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