

## Response ID ANON-TEB1-7WA4-F

Submitted to **Schools national funding formula**

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### Introduction

#### A Name

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#### C Response type

**Please select your role from the list below::**

Local authority representative

**Please select your organisation type from the list below::**

Local authority

**Organisation name::**

City of Bradford MDC

**Local authority area::**

Bradford

#### D Would you like your response to be confidential?

No

**Please give your reason for confidentiality::**

### Principles for a reformed funding system

#### 1 Do you agree with our proposed principles for the funding system?

No

**Please provide any further comments::**

We wish to make the following comments:

Supporting the needs of vulnerable learners must be placed at the heart of the new funding system and must not be 'lost' in the technical detail or in transitional arrangements. We will be watching for this very closely in our assessment of the detail of the 2nd stage consultation.

Also critical to fairness is that the correct weighting (uplift) is applied to the funding of pupils with additional educational needs, recognising in particular the clear correlation between levels of deprivation, lower pupil outcomes and higher costs. We argue very strongly against a NFF, which takes away Schools Block funding from the Bradford District by reducing the weighting that is given to additional educational needs.

The principle of 'robustness' is stated several times in the consultation document. One of our significant issues with the proposals for the NFF is the absence of a pupil mobility factor, which we believe will significantly underfund the additional needs of pupils in schools and academies in the Bradford District relative to those in the majority of other areas that do not experience high levels of mobility and migration. We understand, from talking with regional EFA colleagues, that one of the reasons the proposed NFF does not include a mobility factor is a concern about the robustness of the data, and how the conversions of schools to academies could distort the census start dates of pupils. We do not believe this is a satisfactory reason not to adopt a mobility factor, as, for example, the mobility data from the maintained school can be used during the academy transition period and specific guidance can be given to schools on how to correctly complete their censuses so that levels of turbulence are accurately recorded. There are also other ways of using the census data to record mobility e.g. year on year ins and outs based on the UPNs of pupils. It is also not satisfactory to argue that, as the pupil mobility factor is not currently 'widely' used, it should not be included as a formula factor in the NFF. Most areas do not experience the high levels of mobility found in Bradford and their perspectives on this as a funding issue are very different. Bradford's current funding formula allocates an average sum of £18,500 to 37 eligible schools and academies for mobility. Our formula development modelling has demonstrated previously that the incidence of mobility in Bradford does not fully correlate with other proxy measures of need because of the geographic nature of migration into the District and the lack of access new arrivals have to income support and other benefits. We would conclude therefore, that the absence of a specific mobility measure is very likely to not provide a fair level of funding for our schools and academies.

We wish to make the point that the comparative current rates of per pupil funding that are quoted in the consultation document (as a rationale for change) are misleading in that we do not see that these comparisons factor in where a local authority spends more of its High Needs Block resources in the Schools Block because its distribution of children with SEND. Put simply, because Bradford has been a very inclusive authority, a larger number of children with SEND are educated in mainstream settings (funded by the Schools Block primary / secondary formula) and we have fewer places in specialist provisions (funded by the High Needs Block) than in other authorities. It is incorrect to conclude that our rates of funding in the Schools Block are 'unfairly' higher than in other authorities; we are simply allocating more of our High Needs funding in the Schools Block because this is where a greater number of higher cost (and higher funded) children are educated. We are concerned to ensure that the DfE, in setting the weightings of funding factors, understands this.

We are concerned that, alongside the reform of the formula, the increased rate of conversion to academies raises the risk that complex and uncertain liabilities may give rise to the need for greater contingencies for individual schools, groups of schools, and/or local authorities than has historically been the case. The funding mechanism in totality will need to have regard to those potential liabilities.

## **The structure of the funding system**

### **2 Do you agree with our proposal to move to a school-level national funding formula in 2019-20, removing the requirement for local authorities to set a local formula?**

No

#### **Please provide any further comments::**

We can clearly see that the adoption of a NFF aligns with the Government's aim for the cessation of local authorities maintaining schools.

We clearly understand however, from our own development work, that the aims of formulae simplicity and consistency at school-level must be balanced against the necessity for formulae to put the right amount of money in the right places and a single formula approach does not always successfully achieve this. Meaning, that an effective funding system needs to continue to have some scope for flexibility and we would argue strongly that this is best retained at a local level. This is recognised by the DfE and is being applied in the proposals for the funding of high needs provision. We question then why this principle is ignored for the proposals for the Schools Block. Complete removal of the ability of the Authority, schools and academies in a local area to manage DSG funding 'at source' (before it is allocated to delegated budgets) and to set and fund local strategic priorities in collaboration, is not a positive step.

We argue that consistency can be achieved in ways other than the total removal of all local-decision making on Schools Block formula funding e.g. in further tightening of Regulations and setting ranges between which funding rates must be calculated.

We believe that the DfE may struggle to successfully replicate in a NFF the sensitive, effective, arrangements that are currently in place for supporting places growth and PFI costs. We note that the DfE has not yet found a formula solution for these. Both these issues are massive for Bradford. We are immediately concerned about the transitional arrangements for the next 2 years for these factors.

Unless funded by national toplice, with an additional sum added to the new NFF DSG allocation (clarity is required on this), funding on the basis of the previous year's growth fund costs means that Bradford's DSG continues to be required to absorb the additional cost of in year places growth, which will become even more expensive for us as growth moves into the secondary sector from September 2016. The cost of places growth is not even across areas. Bradford's DSG currently absorbs £1.7m (in 2016/17) of in year places growth cost, plus a further £1.4m in cost of the pupil number adjustments associated with the establishment of non-recoupment academies and free schools that have been recently transferred into the DSG; a total of £3.1m of cost not found in many other authorities. We argue that a formula for the allocation of a correct additional amount of DSG for places growth (including pupil number adjustments for establishing academies and free schools) must be implemented from April 2017. We further raise this issue later in our response.

## **Building block A: per-pupil costs**

### **3 Do you agree that the basic amount of funding for each pupil should be different at primary, key stage 3 and key stage 4?**

Yes

#### **Please provide any further comments::**

Agree - our current formula approach, which is calculated on a detailed activity-led model, allocates funding differentiated on this basis.

## **Building block B: additional needs factors**

### **4a Do you agree that we should include a deprivation factor?**

Yes

### **4b Which measures for the deprivation factor do you support?**

Pupil- and area-level

#### **Please provide any further comments::**

Our formula development work has always concluded that a combination of pupil-led and area-based factors are more effective in measuring pupil-need than using only one type in isolation.

However, we are concerned about the impact of the Universal Infant Free School Meals entitlement on the FSM measure in the primary sector. Despite our work

to counter this, Bradford's October 2015 Census has recorded a reduction in FSM numbers in primary schools and academies (to the extent that we would have spent £530,000 less out of a budget of £18.9m on this formula factor). For this reason, unless other national action is taken e.g. automatic FSM enrolment, we would like the DfE to consider a greater weighting of the total pot towards area-based measures in the primary sector NFF and would like to see the impact of this in the 2nd stage consultation detail.

We would strongly prefer the NFF to use the full Index of Multiple Deprivation measure, rather than IDACI. This is a point we have made in our responses to previous consultations. Prior to April 2013, we used the IMD as a more comprehensive measure of the full extent of pupil need from deprivation. The refresh of IDACI at 2015 indicates that Bradford's rank of deprivation vs. other local authorities is broadly comparable with that measured by IDACI 2010. IMD 2015 however, indicates that Bradford's pupils are comparatively more deprived than measured by IMD 2010.

To emphasise the point made in the answer to question 1, most critical to fairness in the deprivation element of the NFF is that the correct weighting (uplift) is applied. We argue very strongly against a National Funding Formula, which takes away Schools Block funding from the Bradford District by reducing the weighting that is given to additional educational needs. We will be watching for this very closely in the 2nd stage consultation.

## **5 Do you agree we should include a low prior attainment factor?**

Yes

### **Please provide any further comments::**

Agree - and also refer to the critical point made in the answer to question 4b - it is essential that the correct weighting (uplift) is applied to the funding of pupils with additional educational needs. We argue very strongly against a National Funding Formula, which takes away Schools Block funding from the Bradford District by reducing the weighting that is given to additional educational needs. We will be watching for this very closely in the 2nd stage consultation.

## **6a Do you agree that we should include a factor for English as an additional language?**

Yes

### **Please provide any further comments::**

Agree - and also refer to the critical point made in the answer to question 4b - it is essential that the correct weighting (uplift) is applied to the funding of pupils with additional educational needs. We argue very strongly against a National Funding Formula, which takes away Schools Block funding from the Bradford District by reducing the weighting that is given to additional educational needs. We will be watching for this very closely in the 2nd stage consultation.

## **6b Do you agree that we should use the EAL3 indicator (pupils registered at any point during the previous 3 years as having English as an additional language)?**

Yes

### **Please provide any further comments::**

Agree - Bradford currently uses the EAL3 factor as we see significant merit, in terms of stability, calculating funding on data taken over a 3 year period, rather than a 1 year snapshot.

## **Building block C: school costs**

## **7 Do you agree that we should include a lump sum factor?**

Yes

### **Please provide any further comments:**

We strongly agree that a NFF should include a lump sum. We would see that this is essential for the primary sector in particular.

The lump sum in Bradford is £175,000, which is at the maximum permitted value. We believe that this is a reasonable level of lump sum, balancing the need to support smaller schools (that are not eligible for the sparsity factor but that are still essential in maintaining a sufficiency of places) with fixed costs whilst encouraging efficiencies and allowing the majority of funding to follow the pupil.

We do not believe that the lump sum value for either primary or secondary should be set lower than £175,000.

## **8 Do you agree that we should include a sparsity factor?**

No

### **Please provide any further comments::**

This is an example where it is proposed that a NFF will recognise specific higher / additional costs and needs incurred in / by some areas and some schools.

Referring to our earlier answers, we would expect that this principle is applied so that a NFF includes a pupil mobility factor so that the higher cost and impact of mobility in schools in Bradford is funded. We also expect that DSG funding for authorities is adjusted from April 2017 to recognise the additional cost of in year places growth met by the DSG in some authorities but not in others.

## **Building block C: other school costs**

**9 Do you agree that we should include a business rates factor?**

No

**Please provide any further comments::**

Our answer is no as the implications of this proposal are currently unclear.

Will the cost of rates for each area a) be topsliced specifically from each area's pupil-led NFF allocation (would this be possible under a school-level NFF?) or b) will this be taken as a national topslice before the calculation of the pupil-led elements?

If b (which is what is assumed), to separately fund rates will further compound the area-cost weighting within a NFF at the expense of non-London / fringe weighted authorities. If this is the case then we would expect a reduction to the overall area-cost weighting calculation to compensate for this.

Please can the 2nd stage consultation clarify this.

On this point more generally, greater clarity is required on how all the non pupil-led additional elements (growth funding, PFI, rates, split sites, exceptional premises factors etc) will be funded at DSG level - in the transition period and from April 2019 - by specific area topslice or by national topslice before the pupil-led NFF is calculated? For example, would Bradford's school continue to pay for Bradford's rates or would our cost of rates be met through a bigger national topslice?

Critically, for places growth funding, would Bradford's schools continue to pay for Bradford's growth fund?

**10 Do you agree that we should include a split sites factor?**

Yes

**Please provide any further comments::**

Agree under current school circumstances. This is probably a time limited factor however, and will need to be reviewed prior to April 2019 in the light of the development of closer school collaboration and Multi Academy Trusts i.e. what operational differences will warrant differentiation in funding levels between a MAT operating a number of schools and a split site school on 2 campuses?

The criteria for the access to this funding must be very clearly determined as this factor creates deviation from a clean NFF and will be open to challenge around fairness.

**11 Do you agree that we should include a private finance initiative factor?**

Yes

**Please provide any further comments::**

Agree with the principle asserted in the consultation document that there are circumstances where schools face significant additional costs where the impact of the school meeting these costs from its general budget would have an unfair impact on the teaching and learning for its pupils.

£6.38m of Bradford's DSG is allocated in 2016/17 in support of Building Schools for the Future (PFI) costs. This cost increases by RPIX each year (as it is a contractually-linked contribution).

**12 Do you agree that we should include an exceptional premises circumstances factor?**

Yes

**Please provide any further comments::**

Agree with the principle asserted in the consultation document that there are circumstances where schools face significant additional costs where the impact of the school meeting these costs from its general budget would have an unfair impact on the teaching and learning for its pupils.

However, the criteria for the access to this funding must be very clearly determined as this factor creates deviation from a clean NFF. Many schools raise cases for why they must receive additional funding.

**13 Do you agree that we should allocate funding to local authorities in 2017-18 and 2018-19 based on historic spend for these factors?**

**Yes/No - Business rates:**

Yes

**Yes/No - Split sites:**

Yes

**Yes/No - Private finance initiative:**

No

**Yes/No - Other exceptional circumstances:**

No

**Please provide any further comments::**

On balance agree, as a cash flat DSG currently either is required to meet year on year increases in these costs or gains from savings, but with 1 general and 2 specific reservations.

Specific - we would wish our 2016/17 PFI allocation (£6.38m), at least, to be uplifted for inflation in 2017/18 and 2018/19 e.g. RPIX as this cost is contractual and will increase by RPIX year on year. We are certain now that funding on the basis of the previous year's cost will under fund us.

Specific - there should not be any automatic roll over of exceptional circumstances funding during the transition period. This should be applied for and vetted by the EFA on an annual basis.

General - authorities that will lose from NFF in their Schools Blocks from April 2017 will be required to meet increases in these 4 costs from their reducing allocations, plus (as in the case of Bradford) the additional cost of places growth. The proposed flexibility to be able to set a different value of Minimum Funding Guarantee will be essential to practically enable Schools Block funding to be released to meet these costs. However, we are concerned about the impact of this on individual school and academy budgets, and on pupil outcomes, which is the level at which the pressure will finally sit. We expect the DfE to factor this into thinking about the level of protection / pace of change within the Schools Block in 2017/18 and 2018/19 and we would expect the DfE to proceed with caution.

**Building block C: growth**

**14 Do you agree that we should include a growth factor?**

Yes

**Please provide any further comments::**

Strongly agree. This is a massive issue for Bradford and a major cost pressure.

However, we are concerned that the DfE may struggle to successfully replicate in a NFF the sensitive, effective, local arrangements that are currently in place for supporting places growth. We would argue that local authorities are well placed to continue to exercise this function.

We are also immediately concerned about transitional arrangements. See below.

**15 Do you agree that we should allocate funding for growth to local authorities in 2017-18 and 2018-19 based on historic spend?**

No

**Please provide any further comments::**

Unless funded by a national topslice (and clarity on this is needed), funding on the basis of the previous year's growth fund costs means that Bradford's DSG continues to be required to absorb the additional cost of in year places growth, which will become even more expensive as growth moves into the secondary sector from September 2016. The cost of places growth is not even across areas. Bradford's DSG currently absorbs £1.7m (in 2016/17) of in year places growth cost, and a further £1.4m in cost of pupil number adjustments associated with the establishment of non-recoupment academies and free schools that have been recently transferred into the DSG; £3.1m in total.

We argue that a formula for the allocation of a correct additional amount of DSG for in year places growth, including pupil number adjustments for establishing academies and free schools, must be implemented from April 2017.

On a very simple basis, the cost of pupil number adjustments for establishing academies and free schools that has been recently transferred into the DSG can be allocated to each authority's DSG on an actual cost basis, as this cost can be identified in the EFA Pro-formas collected in October and January each year.

AND / OR we would propose that the DfE employs a DSG adjustment, akin to the operation of the Early Years Block, where the Schools Block DSG sum is re-calculated e.g. for 2017/18, where the number of pupils recorded in an authority's October 2017 census is (significantly) higher than the number recorded in October 2016.

We would expect, at the very least, for an EFA vetted retrospective adjustment (e.g. in the 2018/19 DSG for 2017/18 spending) to compensate local areas where their spending on growth has been substantially in excess of their allocation in that year. For 2017/18 reimbursement, this could be completed alongside the 2018/19 Pro-forma submission process in October 2017. However, this would not deal with the fundamental issue that Bradford's NFF calculated Schools Block is required to continue to absorb c. £3.1m of cost of in year growth that is not found in many other authorities. This needs to be resolved from April 2017.

**Building block D: geographic costs**

**16a Do you agree that we should include an area cost adjustment?**

Yes

**16b Which methodology for the area cost adjustment do you support?**

hybrid methodology

**Please provide any further comments::**

Agree - as a methodology with a closer relationship to costs incurred by schools

**Factors not included in the formula**

**17 Do you agree that we should target support for looked-after children and those who have left care via adoption, special guardianship or a care arrangements order through the pupil premium plus, rather than include a looked-after children factor in the national funding formula?**

Yes

**Please provide any further comments::**

In regularly reviewing our formulae arrangements for Looked After Children with our Schools Forum, we have continued to conclude that the Pupil Premium LAC, recently significantly increased in value, provides sufficient specific resource and that children on the edge of care (identified within formula proxy measures) can be very vulnerable and can be very resources intensive for schools.

We have not had a LAC factor in our formula since April 2013 for this reason.

**18 Do you agree that we should not include a factor for mobility?**

No

**Please provide any further comments::**

The absence of a pupil mobility factor we believe will significantly underfund the additional needs of pupils in schools and academies in the Bradford District relative to those in the majority of other areas that do not experience high levels of mobility and migration.

We understand, from talking with regional EFA colleagues, that one of the reasons the proposed NFF does not include a mobility factor is a concern about the robustness of the data, and how the conversions of schools to academies could distort the census start dates of pupils. We do not believe this is a satisfactory reason not to adopt a mobility factor, as, for example, the mobility data from the maintained school can be used during the academy transition period and specific guidance can be given to schools on how to correctly complete their censuses so that levels of turbulence are accurately recorded. There are also other ways of using the census data to record mobility e.g. year on year ins and outs based on the UPNs of pupils.

It is also not satisfactory to argue that, as the pupil mobility factor is not currently 'widely' used, it should not be included as a formula factor in the NFF. Most areas do not experience the high levels of mobility found in Bradford and their perspectives on this as a funding issue are very different.

Bradford's current funding formula allocates an average sum of £18,500 to eligible schools and academies for mobility. 37 schools are eligible above the thresholds. Our formula development modelling has demonstrated previously that the incidence of mobility in Bradford does not fully correlate with other proxy measures of need because of the geographic nature of migration into the District and the lack of access new arrivals have to income support and other benefits. We would conclude therefore, that the absence of a specific mobility measure is very likely to not provide a fair level of funding for our schools and academies.

**19 Do you agree that we should remove the post-16 factor from 2017-18?**

Yes

**Please provide any further comments::**

Agree - this is a legacy factor that should be removed

**Transition to the reformed funding system**

**20 Do you agree with our proposal to require local authorities to distribute all of their schools block allocation to schools from 2017-18?**

No

**Please provide any further comments::**

Our lack of agreement here is linked to our concerns about the possibility of a different paces of change between the Schools and High Needs Blocks and the significant difficulties we anticipate Schools Block ringfencing will create for us during the transition period.

We would also ask that the 2nd stage consultation clarifies what the position would be where a cumulative High Needs Block overspending cannot be met by DSG reserves nor by taking a contribution from the Schools Block. Where would the liability for this deficit sit?

Bradford expects to gain from the new formularisation of the High Needs Block (but also to see a reduction in the Schools Block) simply because of our current profile of spending, as explained in our answer to question 1 (our inclusive model). However, that the impact of change in the High Needs Block is proposed to be ameliorated for at least 5 years is of immediate concern if this rate of transition is slower than the rate by which transition in the Schools Block is completed i.e. we lose funding out of our Schools Block faster than we gain it in the High Needs Block. In our view, if this is the case, our transition to new arrangements will be made much harder than in another authority that may have the same final funding result but is currently spending more in the High Needs Block. Ringfencing of the Schools Block will create added difficulty in preventing us from quickly releasing resources from the Schools Block to re-shape our High Needs provisions.

Firstly then, we argue strongly that the pace of change needs to be the same for both the Schools and High Needs Blocks.

Secondly, we argue that having the ability locally to transfer Schools Block funding to the High Needs Block more quickly over the transition period than the basic NFF is essential. We strongly argue therefore, for provision to be made during the transition period for authorities that are both losing from the Schools Block NFF and gaining from the High Needs Block NFF to be given the flexibility to transfer Schools Block funding to the High Needs Block, subject to the agreement of their Schools Forum and EFA vetting. The value of transfer could be limited to the values of gains / losses within the respective Blocks.

**21 Do you believe that it would be helpful for local areas to have flexibility to set a local minimum funding guarantee?**

Yes

**Please provide any further comments::**

Agree - this will be essential, not just helpful, especially where e.g. the cost of in year places growth / pupil number adjustments for establishing academies and free schools continues not to be funded appropriately during the transitional period.

Linking to our answer to question 20, flexibility on the level of the MFG will be an essential part of enabling authorities that are both losing in the Schools Block and gaining in the High Needs Block to more quickly re-finance their high needs provisions.

**Funding remaining with local authorities**

**22 Do you agree that we should fund local authorities' ongoing responsibilities as set out in the consultation according to a per-pupil formula?**

No

**Please provide any further comments::**

Although the overall basis of funding should be pupil-led, it is not the case that the costs of responsibilities are the same across all authorities as the pressures are not the same.

The proposal to move the funding of responsibilities, including for admissions, within the new Central Schools Block to a flat rate per pupil, without any reference to levels of places growth, new arrivals / migration and mobility, will not fund Bradford fairly for its responsibilities. We would expect the formula for the allocation of the on-going elements of the Central Schools Block should include a weighting for levels of places growth, in year mobility and migration.

**23 Do you agree that we should fund local authorities' ongoing historic commitments based on case-specific information to be collected from local authorities?**

Yes

**Please provide any further comments::**

Agree - no additional comments (the vetting process is already being progressed by the EFA)

**The education services grant**

**24 Are there other duties funded from the education services grant that could be removed from the system?**

**Please provide your comments::**

No comment is made on this.

**25 Do you agree with our proposal to allow local authorities to retain some of their maintained schools' DSG centrally – in agreement with the maintained schools in the schools forum – to fund the duties they carry out for maintained schools?**

Yes

**Please provide any further comments::**

Agree - this proposal provides for sensible local arrangements for / discussion on the funding of duties.

**Equality analysis**

**26 Please provide any comments on the equality analysis.**

**Please provide any further comments::**

Supporting the needs of vulnerable learners must be placed at the heart of the new funding system and must not be 'lost' in the technical detail or in transitional arrangements.

We are concerned that the proposal to ringfence the Schools Block during the transition period will significantly hamper our re-shaping and re-financing of SEND and alternative provisions and will directly impact on the provision available for pupils with SEND. We have set out in our response an argument that authorities that see both a reduction in Schools Block and an increase in High Needs Block funding must be permitted to transfer Schools Block funding to the High Needs Block more quickly than the NFF protection system will allow.

We are concerned about the impact on Bradford's most vulnerable children of proposals that reduce the weighting of additional educational needs elements within the NFF and that reduce the value of spending on High Needs Block provision relative to the Schools Block. We are disappointed that the 1st stage

consultation does not provide the detail for us to assess this. We expect to respond on this at the 2nd stage.