

National Funding Formula – Draft Responses to the 2nd Stage Consultation

Please note that there are 2 separate consultations & responses (with some overlap and repetition)

a) Main National Funding Formula proposals

b) High Needs Funding Reform proposals

a) Main National Funding Formula Proposals

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

Yes

No

Please explain your reasoning and any further evidence we should take into account:

A National Funding Formula that does not build into its construction growth in real terms for inflation and employer's costs, and which therefore, locks in an insufficiency of funding of schools that will continue to grow over the next 3 to 5 years; an estimated £44m 'shortfall' within Bradford's DSG by 2020, cannot be said to support stability. We understand that this is an issue of the size of the overall funding envelop not an issue specifically concerning the technical construct of the Formula. However, it is an overarching influencer of views about the fairness of what is being proposed.

In terms of technical construct, we agree with the general principle of protecting all parts of the DSG system, separately, against immediate and then unreasonable levels of total loss.

We are specifically pleased to see that it is now proposed that the National Funding Formula will include a pupil mobility factor.

However, we argue that the damping within the High Needs Block, the 0% floor combined with the 50% historical spending factor, over a medium term period, is excessive and will delay for too long the additional High Needs Block funding that authorities, like Bradford, critically need in order to re-shape and create new provisions to meet demand over the next 3 to 5 years. Such a level of damping hampers our transition.

We agree that a 3% funding floor, alongside a minus 1.5% annual Minimum Funding Guarantee, does achieve a reasonable balance within the Schools Block. This is not said because we agree that we are currently 'overfunded'. This is said with the understanding that, because we have taken decisions previously to distribute more of our 'high needs' monies into our Schools Block, we expected under National Funding Formula for a proportion to be 'transferred' back to our High Needs Block. In the light of responses of others to the proposals that have been recorded in the Press, we wish to make the point again that the comparative current rates of per pupil funding that are quoted (as a rationale for change) are misleading in that we do not see that these comparisons factor in where a local authority currently spends more of its High Needs Block resources in the Schools Block because of 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 currently 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 currently educated. We are concerned that the DfE, in setting the final weightings of funding factors in the Schools Block, does not bend to incorrect assertions that Bradford's schools have up to this point been unfairly overfunded and should lose a greater amount on current levels because of this.

Our analysis indicates that the 3% floor in Bradford mainly supports the funding gap that is created for smaller schools from the proposal to set a low value of lump sum at £110,000. This is £65,000 lower than Bradford's current value. The proposal to set the lump sum at £110,000 does not provide stability for our smaller schools where the 3% floor does not exist. As this is such a significant element of what is being proposed, we would now not expect the DfE to remove or reduce this protection. We continue to argue more fundamentally however, that the lump sum should be set at a value no lower than £175,000 for primary schools.

In the context of the interplay between the Schools and High Needs Blocks, it is critical to our re-shaping of provisions that, as our Schools Block funding reduces our High Needs Block funding increases and that we receive the full amount of additional High Needs Block monies as quickly as possible. We model that our damped loss (of £5.7m) in the Schools Block will take 2 financial years to be completed. However, our damped gain of £8m in the High Needs Block is likely to take 5 years. Firstly then, there is a mismatch in the speed of transition, which is detrimental to our creation of new high needs provision over the next 3 to 5 years. Secondly, the proposed High Needs Block formula, undamped, would allocate an additional £16m to Bradford and there is no timescale set out for the full allocation of this.

We do understand that, whilst we are 'losing' from damping in the High Needs Block, we are benefiting from damping in the Schools Block. However, we argue that it is unreasonable that 50% of our High Needs Block gain is not yet proposed to be allocated, especially when, as we are losing in the Schools Block, we will not have the 'headroom' to be able to consider transferring monies into the High Needs Block in future years. We argue that the 0% cash floor and a 50% historic spend element combine provide an excessive level of protection in the High Needs Block over a medium term period. Such a level of protection is only defensible in the first year of implementation. We argue that these protections should be lifted incrementally year on year so that the undamped formula allocations are fully allocated within a maximum of 5 years.

We also argue that critical to fairness is the cessation of the 'separate' funding of high needs places in free schools outside the DSG. All high needs places should be funded from the same source so that there is a level playing field for local authorities.

2. Do you support our proposal to set the primary to secondary ratio in line with the current national average? We have decided that the secondary phase should be funded, overall, at a higher level than primary, after consulting on this in stage one. We are now consulting on how great the difference should be between the phases. The current national average is 1:1.29, which means that secondary pupils are funded 29% higher overall than primary pupils.

- Yes**
- No – the ratio should be closer (i.e. primary and secondary phases should be funded at more similar levels)
- No – the ratio should be wider (i.e. the secondary phase should be funded more than 29% higher than the primary phase)

Please explain your reasoning and any further evidence we should take into account:

We agree with the DfE's view that this 'building block' decision must be guided by evidence of impact on educational outcomes as well as evidence for the differential in the costs of provision between phases ('activity-led'). This ratio should be reviewed on a regular basis, especially for major policy decisions that significantly affect these cost bases.

However, we identify that the primary phase's negative view of this proposal is amplified, in Bradford, by the proposal for the low value of the lump at £110,000, and as the real terms value of funding is eroded. Both these issues must be addressed.

3. Do you support our proposal to maximise pupil-led funding? We are proposing to maximise the amount of funding allocated to factors that relate directly to pupils and their characteristics, compared to the factors that relate to schools' characteristics. We propose to do this by reducing the lump sum compared to the current national average (see question 7 on the lump sum value).

- Yes
- No - you should further increase pupil-led funding and further reduce school-led funding
- No - you should keep the balance between pupil-led and school-led funding in line with the current national average
- No - you should increase school-led funding compared to the current national average**

Please explain your reasoning and any further evidence we should take into account:

As we have set out in responses to previous questions, we argue that the lump sum should be set at a value no lower than £175,000. We identify that this is higher than the current national average. We believe however, 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. This is especially important as the real terms value of funding continues to be eroded and the financial positions of smaller schools are significantly stretched.

4. Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors? Of the total schools block funding, 76% is currently allocated to basic per-pupil funding (AWPU) and 13% is allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language). The formula will recognise educational disadvantage in its widest sense, including those who are not eligible for the pupil premium but whose families may be only just about managing. It increases the total spent on additional needs factors compared to the funding explicitly directed through these factors in the current system. We are therefore proposing to increase the proportion of the total schools block funding allocated to additional needs factors to 18%, with 73% allocated to basic per-pupil funding.

- Yes**
- No – allocate a greater proportion to additional needs
- No – allocate a lower proportion to additional needs

Please explain your reasoning and any further evidence we should take into account:

Although we have some comments about the distribution of additional educational needs (AEN) monies under the National Funding Formula, we strongly support the proposal to increase the proportion of spending on AEN, in particular the focus on EAL and low attainment.

Supporting the needs of vulnerable learners must be placed at the heart of the new funding system. We agree that a National Funding Formula, which allocates consistent amounts of funding for pupils with the same levels of need, removing the 'postcode lottery', is fair. However, 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.

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 of measure in isolation.

5. Do you agree with the proposed weightings for each of the additional needs factors?

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Deprivation - pupil based at 5.5%

Please explain your reasoning and any further evidence we should take into account:

We identify that the proposals seek to align AEN funding within the schools' formula with the deprivation (and FSM) focused Pupil Premium Grant.

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Deprivation - area based at 3.9%

Please explain your reasoning and any further evidence we should take into account:

Area-based measures enable a weighting of funding to schools with higher proportions of children from more deprived backgrounds. We identify that the schools' formula as currently proposed does re-distribute deprivation-focused funding away from these schools. In this regard then, we would welcome a higher weighting being given to the area-based measure in the schools' formula. However, we can see how the different AEN measures currently proposed do fit together.

We strongly prefer the school's formula 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.

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Low prior attainment at 7.5%

Please explain your reasoning and any further evidence we should take into account:

We welcome the increased focus on the funding of low attainment. We support the view that this specifically targets funding where it is currently needed in schools and also helps to support the delivery of funding for children with special educational needs. However, we have some reservations about the robustness / volatility of this measure going forward and also the 'perverse incentive' arguments. We are concerned that schools will see over the medium term life of the formula the loss of the targeted funding that enabled the raising of standards in the first place. As such, we would see that the specific impact of this new additional focus of AEN funding on this measure must be reviewed on a regular basis.

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

English as an additional language at 1.2%

Please explain your reasoning and any further evidence we should take into account:

We welcome the increased focus on the funding of EAL.

6. Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond? We have decided to include a mobility factor in the national funding formula, following the first stage of consultation. This will be based on historic spend for 2018-19, while we develop a more sophisticated indicator. We would welcome any comments on potential indicators and data sources that could be a better way of allocating mobility funding in future.

The most convenient data source is the school's census and both in year and longer term stability can be measured from this data. For example, we have previously used census information (year groups and entry dates) to calculate a 'stability' measure for each school, measuring the % of children in a school's year 2, year 6, year 9 and year 11, that were present in that school at the start of the relevant key stage. We used this in our local funding formula for a number of years. We have also previously looked at using census information to calculate a turbulence rate based on the calculated volume of starters and leavers during the school year.

7. Do you agree with the proposed lump sum amount of £110,000 for all schools? This factor is intended to contribute to the costs that do not vary with pupil numbers, and to give schools (especially small schools) certainty that they will receive a certain amount each year in addition to their pupil-led funding.

Allocate a higher amount This is about the right amount **Allocate a lower amount**

Primary

Allocate a higher amount This is about the right amount **Allocate a lower amount**

Secondary

Please explain your reasoning and any further evidence we should take into account:

As we have set out in responses to previous questions, we argue that the lump sum should be set at a value no lower than £175,000.

8. Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary and up to £65,000 for secondary, middle and all-through schools? We have decided to include a sparsity factor to target extra funding for schools that are small and remote. We are proposing that this would be tapered so that smaller schools receive more funding, up to a maximum of £25,000 for primary schools and £65,000 for secondary schools.

Allocate a higher amount **This is about the right amount** Allocate a lower amount

Primary

Allocate a higher amount **This about the right amount** Allocate a lower amount

Secondary

Please explain your reasoning and any further evidence we should take into account:

Bradford's schools are not eligible for sparsity funding and, as such, we have no direct comments. However, the uplift of the main lump sum factor to £175,000 would reduce reliance and complication in this area.

9. Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term? The growth factor will be based on local authorities' historic spend in 2018-19. For the longer term we intend to develop a more sophisticated measure and in the consultation we suggest the option of using lagged pupil growth data. We will consult on our proposals at a later stage, but would welcome any initial comments on this suggestion now.

Yes

No

Please explain your reasoning and any further evidence we should take into account:

We are recording a 'no', but really we need to see more detailed proposals in order to form a view.

If the intention is for growth funding to be allocated directly to schools and academies as part of the National Formula, but on a lagged basis, there would need to be a change in expectation in schools regarding the real time allocation of money and certainly there would be cash flow and budget overspend issues to resolve. There is a need for continued allocation of growth funding in real time to avoid these difficulties, whether this is allocated directly by National Funding Formula (on estimates, which are then reconciled retrospectively) or allocated by local authorities from a centrally managed pot who are then reimbursed.

10. Do you agree with the principle of a funding floor? To ensure stability we propose to put in place a floor that would protect schools from large overall reductions as a result of this formula. This would be in addition to the minimum funding guarantee (see question 13).

- Yes
- No

Please explain your reasoning and any further evidence we should take into account:

We agree with the principle of protecting all parts of the DSG system, separately, against unreasonable levels of total loss.

We agree that a 3% funding floor, alongside a minus 1.5% annual Minimum Funding Guarantee, does achieve a reasonable balance within the Schools Block.

However, our analysis indicates that the 3% floor in Bradford mainly supports the funding gap that is created for smaller primary schools from the proposal to set a low value of lump sum at £110,000. This is £65,000 lower than Bradford's current value. The proposal to set the lump sum at £110,000 does not provide stability for smaller schools where the 3% floor does not exist. As this is such a significant element of what is being proposed, we would now not expect the DfE to either remove or reduce this protection. We continue to argue more fundamentally however, as we have done in previous responses, that the lump sum should be set at a value no lower than £175,000 for primary schools.

11. Do you support our proposal to set the funding floor at minus 3%? This will mean that no school will lose more than 3% of their current per-pupil funding as a result of this formula.

- Yes
- No – the floor should be lower (i.e. allow losses of more than 3% per pupil)
- No – the floor should be higher (i.e. restrict losses to less than 3% per pupil)

Please explain your reasoning and any further evidence we should take into account:

We agree that a 3% funding floor, alongside a minus 1.5% annual Minimum Funding Guarantee, does achieve a reasonable balance within the Schools Block.

12. Do you agree that for new or growing schools (i.e. schools that are still filling up and do not have pupils in all year groups yet) the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity? We believe that, to treat growing schools fairly, the funding floor should take account of the fact that these schools have not yet filled all their year groups.

Yes

No

Please explain your reasoning and any further evidence we should take into account:

We agree as this approach will prevent locking in a distorted level of per pupil funding.

We would welcome clarification on how the 3% floor will be applied to a new school that is created from the amalgamation of 2 schools (with the closure of 1 of these schools). We would expect the values of 3% floor protection to be carried forward to the new school in this circumstance.

13. Do you support our proposal to continue the minimum funding guarantee at minus 1.5%? The minimum funding guarantee protects schools against reductions of more than a certain percentage per pupil each year. We are proposing to continue the minimum funding guarantee at minus 1.5% per pupil per year.

Yes

No – the minimum funding guarantee should be lower (i.e. allow losses of more than 1.5% per pupil in any year)

No – the minimum funding guarantee should be higher (i.e. restrict losses to less than 1.5% per pupil in any year)

Please explain your reasoning and any further evidence we should take into account:

We agree that a 3% funding floor, alongside a minus 1.5% annual Minimum Funding Guarantee, does achieve a reasonable balance within the Schools Block.

14. Are there further considerations we should be taking into account about the proposed schools national funding formula?

A National Funding Formula that does not build into its construction growth in real terms for inflation and employer's costs, and which therefore, locks in an insufficiency of funding of schools that will continue to grow over the next 3 to 5 years; an estimated £44m 'shortfall' within Bradford's DSG by 2020, cannot be said to be fair and cannot be said to support stability. This is an overarching influencer of views, nationally, about the fairness of what is being proposed, even though the way that the schools' formula has been technically constructed has been well thought through.

We would strongly prefer the school's formula 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.

15. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

- Yes
- No - a higher proportion should be allocated to the deprivation factor**
- No - a lower proportion should be allocated to the deprivation factor
- No - there should not be a deprivation factor

Please explain your reasoning and any further evidence we should take into account:

We argue that a greater weighting should be applied though a deprivation factor, combined with a mobility measure, especially as the Education Services Grant is now transferred into the DSG.

We would see that the proportion allocated for deprivation / mobility within the Central Schools Block should be equivalent to the weighting given to the suite of AEN factors within the schools' formula, which is 12.9%.

16. Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?

- Yes**
- No - allow losses of more than 2.5% per pupil per year
- No - limit reductions to less than 2.5% per pupil per year

Please explain your reasoning and any further evidence we should take into account:

We agree with the principle of protecting all parts of the DSG system, separately, against immediate levels of loss.

However, we are concerned with the methodology that is proposed to be used to calculate transitional floors and ceilings, specifically in the assumptions that are made on the proportion of current spending that relates to historic commitments. In our work through of this, we believe that, although we gain in the Central Schools Block, under transition, our allocation will actually be lower than the proportion of our current spend that is related to on-going activities. We would welcome clarification on how transition will work and how information on historic commitments spending will be collected and will inform the formula on which the floors and ceilings will be calculated. We expect that the calculation of floors and ceiling closely aligns with the actual split between historic commitments and on-going functions, rather than this being based on a blanket 'assumed formula'.

17. Are there further considerations we should be taking into account about the proposed central school services block formula?

We argue that the Central Schools Block should also include funding on the basis of mobility / migration / places growth, as this is major influencer of the cost of the delivery of the admissions and place planning functions. A formula that does not recognise mobility and population growth this will not fund Bradford fairly for its statutory responsibilities.

We are also concerned about the erosion in the real terms value of the Central Schools Block, especially where the cost of Copyright Licensing significantly increases.

b) High Needs Funding Reform Proposals

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

Yes

No

A National Funding Formula that does not build into its construction growth in real terms for inflation and employer's costs, and which therefore, locks in an insufficiency of funding of schools and the High Needs Block that will continue to grow over the next 3 to 5 years; an estimated £44m 'shortfall' within Bradford's total DSG by 2020, cannot be said to support stability. We understand that this is an issue of the size of the overall funding envelop not an issue specifically concerning the technical construct of the Formula. However, it is an overarching influencer of views about the fairness of what is being proposed.

In terms of technical construct, we agree with the general principle of protecting all parts of the DSG system, separately, against immediate and then unreasonable levels of total loss.

However, we argue that the damping within the High Needs Block, the 0% floor combined with the 50% historical spending factor, over a medium term period, is excessive and will delay for too long the additional High Needs Block funding that authorities, like Bradford, critically need in order to re-shape and create new provisions to meet demand over the next 3 to 5 years. Such a level of damping hampers our transition.

In the context of the interplay between the Schools and High Needs Blocks, it is critical to our re-shaping of provisions that, as our Schools Block funding reduces our High Needs Block funding increases and that we receive the full amount of additional High Needs Block monies as quickly as possible. We model that our damped loss (of £5.7m) in the Schools Block will take 2 financial years to be completed. However, our damped gain of £8m in the High Needs Block is likely to take 5 years. Firstly then, there is a mismatch in the speed of transition, which is detrimental to our creation of new high needs provision over the next 3 to 5 years. Secondly, the proposed High Needs Block formula, undamped, would allocate an additional £16m to Bradford and there is no timescale set out for the full allocation of this.

We do understand that, whilst we are 'losing' from damping in the High Needs Block, we are benefiting from damping in the Schools Block. However, we argue that it is unreasonable that 50% of our High Needs Block gain is not yet proposed to be allocated, especially when, as we are losing in the Schools Block, we will not have the 'headroom' to be able to consider transferring monies into the High Needs Block in future years. We argue that the 0% cash floor and a 50% historic spend element combine provide an excessive level of protection in the High Needs Block over a medium term period. Such a level of protection is only defensible in the first year of implementation. We argue that these protections should be lifted incrementally year on year so that the undamped formula allocations are fully allocated within a maximum of 5 years.

We argue that critical to fairness is the cessation of the 'separate' funding of high needs places in free schools outside the DSG. All high needs places should be funded from the same source so that there is a level playing field for local authorities.

We also argue that, to achieve consistency and fairness with the national schools' formula, the High Needs Block national formula should specifically recognise the cost of PFI arrangements for high needs providers and that this should increase by RPIX each year. Bradford's High Needs Block currently meets a £0.7m annual cost related to our special schools.

2. Do you agree with the following proposals?

Allocate a higher proportion The proportion is about right **Allocate a lower proportion**

Historic spend factor -
To allocate to each local authority a sum equal to 50% of its planned spending baseline

Please explain your reasoning and any further evidence we should take into account:

We argue that the 0% cash floor and a 50% historic spend element combine provide an excessive level of protection in the High Needs Block over a medium term period. Such a level of protection is only defensible in the first year of implementation. We argue that these protections should be lifted incrementally year on year so that the undamped formula allocations are fully allocated within a maximum of 5 years.

Allocate a higher amount **This is about the right amount** Allocate a lower amount

Basic entitlement - To allocate to each local authority £4,000 per pupil

Please explain your reasoning and any further evidence we should take into account:

No additional comments.

3. We propose to use the following weightings for each of the formula factors listed below, adding up to 100%. Do you agree?

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Population – 50%

Please explain your reasoning and any further evidence we should take into account:

No additional comments.

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Free school meals (FSM) eligibility – 10%

Please explain your reasoning and any further evidence we should take into account:

No additional comments.

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Income deprivation affecting children index (IDACI) – 10%

Please explain your reasoning and any further evidence we should take into account:

We would strongly prefer the school's formula to use the full Index of Multiple Deprivation measure, rather than IDACI.

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Key stage 2 low attainment – 7.5%

Please explain your reasoning and any further evidence we should take into account:

No additional comments.

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Key stage 4 low attainment – 7.5%

Please explain your reasoning and any further evidence we should take into account:

No additional comments.

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Children in bad health – 7.5%

Please explain your reasoning and any further evidence we should take into account:

Allocate a higher proportion **The proportion is about right** Allocate a lower proportion

Disability living allowance (DLA) – 7.5%

Please explain your reasoning and any further evidence we should take into account:

No additional comments.

4. Do you agree with the principle of protecting local authorities from reductions in funding as a result of this formula? This is referred to as a funding floor in the consultation document.

- Yes
 No

Please explain your reasoning and any further evidence we should take into account:

Yes, however, we argue that the 0% cash floor and a 50% historic spend element combine provide an excessive level of protection in the High Needs Block over a medium term period. Such a level of protection is only defensible in the first year of implementation. We argue that these protections should be lifted incrementally year on year so that the undamped formula allocations are fully allocated within a maximum of 5 years.

5. Do you support our proposal to set the funding floor such that no local authority will see a reduction in funding, compared to their spending baseline?

- Yes
 No

Please explain your reasoning and any further evidence we should take into account:

We argue that the 0% cash floor and a 50% historic spend element combine provide an excessive level of protection in the High Needs Block over a medium term period. Such a level of protection is only defensible in the first year of implementation. We argue that these protections should be lifted incrementally year on year so that the undamped formula allocations are fully allocated within a maximum of 5 years.

6. Do you agree with our proposals to allow limited flexibility between schools and high needs budgets in 2018-19?

- Yes
 No

Please explain your reasoning and any further evidence we should take into account:

We agree with the principle of this. However, it needs to be understood that, as we are losing in the Schools Block under national funding formula proposals, we will not have the 'headroom' to be able to consider transferring monies into the High Needs Block in future years (we have 67% of schools on the 3% floor and an expected 80% of schools on the MFG in the 1st year). This is a key factor behind our argument about the excessive damping currently proposed in the High Needs Block over the medium term. Release of damping in the High Needs Block is the only way we will effectively financial transition and new places creation. Having the flexibility to move money from the Schools Block is not a solution for a local authority that is losing so significantly in / is so reliant on the protections being put into the Schools Block.

7. Do you have any suggestions about the level of flexibility we should allow between schools and high needs budgets in 2019-20 and beyond? We are developing our proposals on the level of flexibility to allow in the longer term. We will consult fully on our proposals at a later stage, but would welcome any initial comments now.

We do not believe that the level of flexibility should be prescribed in terms of values of %s, unless there is a clear process that will enable exception, where a local authority seeks to transfer larger sums. We would see the Schools Forum being important in agreeing such exceptions.

8. Are there further considerations we should be taking into account about the proposed high needs national funding formula?

We argue that critical to fairness is the cessation of the 'separate' funding of high needs places in free schools outside the DSG. All high needs places should be funded from the same source so that there is a level playing field for local authorities.

We also argue that, to achieve consistency and fairness with the national schools' formula, the High Needs Block national formula should specifically recognise the cost of PFI arrangements for high needs providers and that this should increase by RPIX each year. Bradford's High Needs Block currently meets a £0.7m annual cost related to our special schools.

We would also ask that the complexity in the High Needs Block is reviewed, in particular around the position of funding of resourced provisions and the relationship with the October Census. Alongside the early years funding reform, from a local authority perspective, there is growing level of complexity and administration related to relatively small amounts of money within the DSG. This is a growing administrative burden on local authorities. We welcome the establishment of High Needs Block arrangements that simplify rather than over complicated existing arrangements.

To emphasise 2 critical points:

A National Funding Formula that does not build into its construction growth in real terms for inflation and employer's costs, and which therefore, locks in an insufficiency of funding of schools and the High Needs Block that will continue to grow over the next 3 to 5 years; an estimated £44m 'shortfall' within Bradford's total DSG by 2020, cannot be said to support stability.

We argue that the damping within the High Needs Block, the 0% floor combined with the 50% historical spending factor, over a medium term period, is excessive and will delay for too long the additional High Needs Block funding that authorities, like Bradford, critically need in order to re-shape and create new provisions to meet demand over the next 3 to 5 years. Such a level of damping hampers our transition. We argue that these protections should be lifted incrementally year on year so that the undamped formula allocations are fully allocated within a maximum of 5 years.