

## Response ID ANON-2CXQ-1DEZ-J

Submitted to **High needs funding reform - stage 2**

Submitted on **2017-03-22 15:01:17**

### Introduction

#### A What is your name?

**Name:**

Andrew Redding

#### B What is your email address?

**Email:**

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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

**Reason for confidentiality::**

### Page 2 - overall approach

**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?**

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 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. The historic protection element should represent no more than 30% of the formula construct.

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

defendable in the first year of implementation. We argue that these protections, at the very least, 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.

## **Page 3 - formula factors**

### **2 Do you agree with the following proposals?**

**To distribute 50% of the planned spending baseline on the basis of historic spending - Historic spend factor - To allocate to each local authority a sum equal to 50% of its planned spending baseline:**

Allocate a lower proportion

**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 defendable 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.

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

This is about the right amount

**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?**

**Population – 50% - Population – 50%:**

The proportion is about right

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

No additional comments.

**Free school meals (FSM) eligibility – 10% - Free school meals (FSM) eligibility – 10%:**

The proportion is about right

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

No additional comments.

**Income deprivation affecting children index (IDACI) – 10% - Income deprivation affecting children index (IDACI) – 10%:**

The proportion is about right

**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.

**Key stage 2 low attainment – 7.5% - Key stage 2 low attainment – 7.5%:**

The proportion is about right

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

No additional comments.

**Key stage 4 low attainment – 7.5% - Key stage 4 low attainment – 7.5%:**

The proportion is about right

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

No additional comments.

**Children in bad health – 7.5% - Children in bad health – 7.5%:**

The proportion is about right

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

No additional comments.

**Disability living allowance (DLA) – 7.5% - Disability living allowance (DLA) – 7.5%:**

The proportion is about right

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

No additional comments.

## Page 4 – funding floor

**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

**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?**

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.

## Page 5 - local budget flexibility

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

Yes

**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?**

**Comments box:**

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.

## Page 6 – further considerations

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

**Comments - please explain your reasoning and any further evidence we should take into account::**

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.

## **Page 7 – equalities analysis**

**9 Is there any evidence relating to the 8 protected characteristics identified in the Equality Act 2010 that is not included in the equalities impact assessment and that we should take into account?**

**Comments - please explain your reasoning and any further evidence we should take into account::**

No additional comments