

## SCHOOLS FORUM AGENDA ITEM

For Action

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For Information

☒**Brief Description of Item** (including the purpose / reason for presenting this for consideration by the Forum)

This report asks the Forum to consider the outcomes of the consultation on Schools Block formula funding, which was agreed at the last meeting. The report also includes further information on the options for the Schools Block headroom. Please note that an appendix to Document IC will be tabled at the meeting as it contains the outcome of a consultation period, which concludes on 4 December.

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

The consultation document was presented to the Schools Forum meeting 18 October 2017.

**Background / Context**

The consultation document, presented to the Schools Forum at the last meeting, outlined the Authority's proposals against the 6 key decisions that are required to set Bradford's 2018/19 mainstream primary and secondary funding formula arrangements. These decisions are:

1. Whether we now use the National Funding Formula locally for the calculation of our primary (reception to year 6) and secondary (pre 16) school and academy budget shares from April 2018, or whether we stick to our current formula, or whether we do something in between or in transition leading up to hard NFF at April 2020.
2. The value of Minimum Funding Guarantee we provide in 2018/19. The Government permits this to be set between 0% and minus 1.5%. 0% means that a school that has the same pupil numbers recorded in October 2017 as in October 2016 will receive the same core formula funding in 2018/19 as they received in 2017/18.
3. The value of the ceiling we adopt, which will cap increases for schools and academies that may be gaining from the 2018/19 formula funding approach and / or NFF.
4. The extent to which we begin transition to, or fully implement, the DfE's new £3,500 (primary), £4,800 (secondary) and £4,042 (all-through) minimum per pupil funding floors that are contained within the final NFF.
5. How we allocate any Schools Block headroom that remains from the difference between the national minimum 0.5% per pupil increase 'in respect of every school', that has been allocated into the Schools Block, and a maximum MFG level set at 0%.
6. How we balance the High Needs Block where the NFF settlement for this Block may not be sufficient to meet spending demand due to NFF damping and transition.

Appendix 1 provides a summary of the Authority's proposals for reference.

The consultation also set out the proposals for the continuation of centrally managed funds, including Growth Funding. These are discussed in more detail in document IG.

The Schools Forum agreed for the proposed 'disapplication' requests to be submitted to the Secretary of State as recorded in the minutes of the October meeting. These included the option for the Minimum Funding Guarantee for primary and secondary schools to be set higher than 0% up to a maximum of + 0.5% per pupil. Due to the numbers of requests being made, the Secretary of State announced on 23 November a regulations change permitting authorities to set an MFG up to + 0.5% without disapplication. The option for the delivery of a higher MFG comes into consideration of proposals under decision no. 5 above.

Alongside the publication of the consultation documents and modelling School Funding Team has delivered 2 roadshows for schools and has also attended BPIP, a secondary headteachers / CEOs meeting, the autumn terms governor forums and the primary and secondary business manager forums.

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

### **Consultation Responses**

Appendix 2 (to be tabled at the meeting) will provide an analysis of the formal responses received to the consultation. Members are encouraged to present to the meeting their feedback from their discussions with school colleagues.

Members are asked to consider whether any of the proposals should be amended in the light of feedback and / or whether further information is required in order for the Schools Forum to make its recommendations, on 10 January 2018, on the primary & secondary mainstream formula for 2018/19.

### **Schools Block Headroom**

Current modelling, using the October 2016 Census dataset, as presented to the last meeting and within the consultation document, based on current proposals, indicates that there may be unallocated headroom within the Schools Block. This primarily is primary-phase headroom; the secondary phase Schools Block allocation is fully spent.

Under both Bradford's current formula and NFF, the vast majority of primary schools and academies are funded on the MFG. Under 2018/19 Regulations as they currently stand, the best formula funding settlement that can be provided for these schools from the Schools Block is 0% (same allocation in 2018/19 as 2017/18 where pupil numbers are the same). This means that, for the primary phase, there is the potential, subject to the cost of formula funding using the October 2017 Census dataset, for there to be money unallocated within the Schools Block, because the DfE has allocated 0.5% per pupil into the Schools Block in respect of these schools. The position of the secondary phase is somewhat different, as 2/3rds of schools and academies are above the MFG.

Understanding that the position and value of this headroom will change when the cost of formula funding for 2018/19 is confirmed using the October 2017 Census dataset, the Schools Forum was asked to begin to consider how this headroom should be allocated. There are 2 clear options:

- a) Pending Secretary of State approval, or the amendment of the Regulations, to allocate the headroom by setting the MFG above 0% up to + 0.5%. The MFG value must be the same for both the primary and secondary phases, meaning that there may be an implication for the full affordability of the NFF proposals and the full implication of the DfE's minimum per pupil in the secondary phase where the secondary-phase Schools Block budget must incorporate the cost of a + 0.5% MFG. A third of secondary schools would benefit from a higher MFG.
- b) Retain the MFG at 0% and instead transfer the primary-phase headroom to the High Needs Block to enhance the value of funding allocated to the primary phase through the SEN Funding Floor mechanism. This is the option that was set out in the consultation document. The SEN Floor mechanism targets additional High Needs Block funding to low AEN high EHCP schools and academies. The Authority already proposes to protect allocations for schools and academies in 2018/19 at 2017/18 levels. The primary headroom could be used to further enhance this funding. This would only be a temporary, possibly one off, arrangement and to go ahead will require specific agreement by the Schools Forum for the transfer of Schools Block monies to the High Needs Block. However, to be clear, this transfer will be to enable additional spending in support of SEND in the primary phase, not to act as a contribution to general cost pressures within the High Needs Block. As the modelling currently suggests that there isn't Schools Block headroom within the secondary phase, this option does not currently appear to be available to the secondary phase.

Behind these options is the basic premise that the headroom within the Schools Block will be ring-fenced on a phase specific basis. This is a principle that we set out in the consultation document.

Appendix 3 gives sight of the potential impact of the 2 options:

Option A: enhance the value of the MFG up to 0.5% for both primary and secondary phases.

Option B: enhance the value of the SEN Funding Floor for the primary phase.

The modelling clearly shows the difference in the distribution of the headroom between these options. Members are asked to consider which of these options would be preferred. A final recommendation will need to be made on 10 January.

Please note that the value of MFG under option A / the value of enhancement to the SEN Funding Floor under option B will be influenced by the cost of formula funding using the October 2017 Census dataset. Forum Members will be presented with this in January.

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

As set out in Document IB (DSG update). It is expected that the Schools Block allocation will balance as close as possible on a phase-led basis e.g. the primary phase Schools Block cost will match the primary phase Schools Block allocation.

**Recommendations**

The Forum is asked to consider the outcomes of the consultation and whether any of the proposals should be changed in the light of responses. Schools Members will be asked to make final recommendations on the structure of the formulae, and the criteria for the allocation of Schools Block funds, on 10 January 2018. As such, Members are asked to consider whether sufficient information has now been provided to enable these final recommendations to be made.

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

Appendix 1 – Primary and Secondary 2018/19 Formula Arrangements Consultation – Summary  
Appendix 2 – Consultation Responses Analysis (to be tabled at the meeting)  
Appendix 3 – Primary Schools Block headroom options analysis

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