

Decision 1 – Whether to move to NFF at April 2018

- **The Authority proposes to ‘move to NFF’ at April 2018**, thereby using NFF to calculate individual formula funding budget shares for both the primary and secondary phases instead of using our current local formula.
- By ‘move to NFF’ we mean to replicate the NFF at individual school level as closely as possible within the constraints of a) the 2018/19 Finance Regulations and b) affordability within Bradford’s 2018/19 DSG envelope. Where the cost of formula funding for 2018/19 increases due to changes in the October 2017 Census dataset, to the extent that the Schools Block will be overspent if the NFF is fully implemented, the Authority will discuss the options for addressing this with the Schools Forum and will ask the Schools Forum for a recommendation on this matter in January 2018. This may mean that certain aspects of the NFF are scaled back.
- In managing affordability with the Schools Block, the Authority proposes effectively to ‘ring fence’ primary and secondary monies separately so that any over or under spending, and adjustment to correct this, is considered on a separate phase basis and so that monies are not transferred between the phases where it is possible to avoid this. Please note that the values of MFG and ceiling must be set the same for both phases.
- Most of the additional detail in this consultation document focuses on explaining NFF and sets out the case for moving to this from April 2018.

Decision 2 – The value of the Minimum Funding Guarantee in 2018/19

- **The Authority proposes to set the MFG at 0%, subject to final affordability**, which will be confirmed once the cost of formula funding using the October 2017 Census dataset is known. Where 0% is not affordable, the Authority will discuss the options for addressing this with the Schools Forum and will ask the Schools Forum to make a recommendation on this matter. This may mean that the MFG is reduced towards or to minus 1.5%.
- A 0% MFG would be a significant improvement on the original MFG level for 2018/19 proposed by the DfE, which was minus 1.5%. If we are able to afford a 0% MFG, school allocations, in particular for the primary phase, will be improved on what was forecasted earlier in 2017 (and on what the HCSS Budget Software assumed).

Decision 3 – The value Ceiling in 2018/19

- **The Authority proposes to set the ceiling at + 3% per pupil, subject to final affordability**, meaning that any gain in a school’s or academy’s core formula funding per pupil will not be greater than 3% on 2017/18. Please note that the implementation of the DfE’s new minimum per pupil funding will override this ceiling, meaning that schools eligible for the new minimum may see increases in per pupil funding greater than 3%. Where 3% is not affordable, the Authority will discuss the options for addressing this with the Schools Forum and will ask the Schools Forum to make a recommendation on this matter. This may mean that the ceiling is reduced from 3%.

Decision 4 – The extent of implementation of the new DfE Minimum Per Pupil Funding Floors in 2018/19

- **The Authority proposes to fully implement the £3,500 (primary), £4,800 (secondary) and £4,042 (all-through) minimums for eligible schools, where this is affordable**. Where this is not affordable i.e. this cannot be afforded within the phase without adjustment elsewhere e.g. in the value of the MFG, the Authority will discuss this with the Schools Forum and will ask the Forum to make a recommendation on this matter in January 2018. This may mean movement to the full minimums may be scaled back in 2018/19. Please note that the Government has only funded at

DSG level the minimums up to a transitional value in 2018/19. Therefore, full implementation of the minimums in 2018/19 will cost more than the DfE has specifically funded.

- Please note that the calculation of these minimums under the NFF is different from the calculation permitted locally by the 2018/19 Regulations. Therefore, we cannot completely replicate how this factor works under local conditions. However, we are permitted to apply to the Secretary of State to adjust the calculation in specific circumstances. We propose to submit a request to the Secretary of State to exclude both the BSF factor and business rates from the calculation of these minimums.

#### Decision 5 – Remaining Schools Block Headroom due to the difference between the 0.5% national settlement and a 0% MFG

- 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, 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 allocation, 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.
- Modelling strongly indicates that it will be very difficult to allocate these monies by adjusting formulae, so that the result is that a large number of primary schools are lifted off the MFG, whilst also keeping to the key proposal of moving to NFF and without distorting our formula approach.
- Initial feedback from primary representatives on the Schools Forum is that **primary schools and academies would welcome the earmarking of any unallocated monies in support of SEND cost pressures in schools that have lower levels of formula funding in relation to their proportion of children with EHCPs**. The Schools Forum has asked the Authority to look at the options for the further development of the SEN Floor mechanism, which does already target additional High Needs Block funding to low AEN high EHCP schools and academies. This proposal will be developed further over the autumn term. It would only be a temporary, possibly one off, arrangement. To go ahead, this 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.

#### Decision 6 – High Needs Block and Schools Block Headroom

- Bradford gains from the new High Needs Block (HNB) NFF formula, by £7.5m over 5 years, assuming the continuation of capping after 2019/20. The NFF result is still heavily damped, with only 50% of the national HNB budget allocated on the basis of the new formula. 50% will be allocated on the basis of 2017/18 spending levels. Bradford's gain if the HNB was allocated fully on formula would be £15m vs. the £7.5m we are likely to receive. The DfE does not indicate for how long 50% of the HNB will be based on historic spending.
- In this context, recognising the growth in SEND in Bradford (for example, the c. £1m annual growth in the cost of mainstream EHCPs, which if continuing would consume in itself £5m of the £7.5m 5 year increase), the financial position of the High Needs Block is incredibly challenging. Alongside the NFF, the position of the HNB, and review activity and consultation, will dominate the Schools Forum's discussions in the lead up to final decision making on the 2018/19 DSG allocation.
- It is important that readers of this consultation document understand this position. The Authority recognises the significant contribution that the Schools Block made to high needs provision in 2017/18. **We will engage with and take a clear steer from the Schools Forum on the views of school colleagues about how to continue to manage high needs provision and pressures without the context of a whole-school system wide financially challenging environment.** Under 2018/19 Regulations, authorities are permitted to transfer up to 0.5% of the Schools Block to

the High Needs Block with the agreement of the Schools Forum following consultation with schools. 0.5% of our Schools Block is c. £2m. The possible transfer of Schools Block monies to the High Needs Block to effect decision 5 for the primary phase would be counted within the 0.5%.

2.4 For the knock on consequences of these proposals, listed in paragraph 2.2, the Authority proposes the following:

#### Notional SEN

- Local authorities are currently required to define for each primary and secondary school the value of formula funding that is 'notionally' allocated for SEND (for meeting the first £6,000 of needs for pupils with EHCPs and the needs of pupils without EHCPs). The DfE has signalled that the local calculation of this will cease upon implementation of the hard National Funding Formula, where the DfE will be looking for other ways to define SEND funding resources.
- Our calculation has built up over time. How Bradford currently defines notional SEN (the %s of funding in each factor that make up this budget) is shown in the table below.

Formula Factor	% Primary	% Secondary
Prior Low Attainment	100%	100%
Free School Meals Factor	23.1%	10.2%
IDACI Factor	22.4%	19.2%
Base £APP	7.5%	6.3%

- Under Bradford's current notional SEN calculation then, 100% of a school's allocation under the SEND low prior attainment factor is considered to be allocated for supporting pupils with SEND, along with set percentages of other AEN factors and base £app funding. Due to the way that NFF re-focuses AEN formula funding, away from deprivation towards low prior attainment, and also significantly increases the proportion of funding that is allocated for low prior attainment, under our current calculation, the values of notional SEN allocations for schools will quite considerably increase in 2018/19 where we adopt NFF. This will be the case even though a school may receive (under a 0% MFG) the same total amount of formula funding. In this circumstance, we appreciate that schools will have mixed feelings about this change. However, the NFF is refocusing and increasing the targeting of SEND through low prior attainment. It can therefore, be said to be valid to ask schools to consider and to evidence how they are spending the full value of their prior attainment monies on the needs of their pupils.
- We therefore, do not propose to alter how we define notional SEN where we move to NFF at April 2018.** All other elements being the same, schools will see their notional SEN allocations increase.

#### SEN Floor

- The increase in the funding of low prior attainment under NFF will have a knock on consequence on the SEN Floor as the eligibility for the SEN Floor will significantly decrease. This will be the case even though a number of schools will not see any more funding in 2018/19 in total than they did in 2017/18.
- Our current SEN Floor provides a 'top up' where the SEN formula does not allocate a minimum level of funding, after the cost of EHCPs has been removed. This is re-calculated on a monthly basis for changes in EHCP positions. SEN formula funding is defined as the notional SEN in the table above but does not include 5.5% (primary) / 4.5% (secondary) of the Base £APP element. The floor tops up funding to these minimums:
  - For Primary schools and academies: £19,931 or £69.10 per pupil (whichever is greater)
  - For Secondary schools and academies £75,337 or £69.10 per pupil (whichever is greater)
- The Authority's basic proposal is that we protect the values of SEN Floor allocations for individual schools and academies in 2018/19 that would otherwise be reduced. We propose**

**that we ensure that schools and academies that are currently funded under the SEN Floor receive in 2018/19 at least the value of allocation they have received in 2017/18, pending further review for 2019/20.**

- Please be aware, under decision 5, that the Schools Forum is currently considering whether further support for SEND can be provided for primary schools and academies through the Floor mechanism in 2018/19, on a temporary possibly one off basis, by using primary phase headroom within the Schools Block.

#### Factors Outside NFF Scope in 2018/19

- **We propose to continue our current 2017/18 formulae for the allocation of both split sites and pupil mobility.** These factors will be updated for October 2017 Census data. The values of the formula factors will be the same.
- **Business rates will continue to be funded at actual cost.**
- **The approach to Growth Funding is proposed to be as 2017/18 but the values per pupil funding will be aligned to the NFF values where we move to NFF at April 2018.**
- **We propose to continue to pass through the specific BSF DSG affordability gap values using our current method but with an adjustment to ensure that the amounts passed on to academies by the EFA on an academic year basis are equivalent to the amounts that the Authority requires academies to pay back on a financial year basis.** We also propose to submit a disapplication request to the Secretary of State to ensure that this change does not consume growth that the MFG or ceiling would otherwise provide for an academy in 2018/19.