

**SCHOOLS FORUM MEETING**  
**WEDNESDAY 16 MARCH 2016 AT 0800**  
**VENUE: Committee Room 1, City Hall, Bradford**

PLEASE NOTE

All meetings will be held in public; the agenda, reports, decision list and minutes will be publicly available on the Council's website and in Committee Secretariat, Room 112, City Hall, Bradford.

The taking of photographs, filming and sound recording of the meeting is allowed except if the Forum Members vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Forum Clerk (asad.shah@bradford.gov.uk, 01274 432280) who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions to the meeting should be aware that they may be filmed or sound recorded.

**1. APOLOGIES FOR ABSENCE**

The Business Advisor (Schools) will report the names of alternate Members who are attending the meeting in place of appointed Members.

**2. DISCLOSURES OF INTEREST**

To receive disclosures of interests from Members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it only becomes apparent to the member during the meeting.

**3. MINUTES OF 6 JANUARY 2016 & MATTERS ARISING**

*Minutes*

**Recommended –**

**That the minutes of the meeting held on 6 January 2016 be signed as a correct record (previously circulated).**



#### 4. **MATTERS RAISED BY SCHOOLS**

Members will be asked to consider any issues raised by schools.

#### 5. **NATIONAL FUNDING FORMULA CONSULTATION** (i)

The Business Advisor (Schools) will deliver a presentation, based on **Documents FV and FW**, which presents the Department for Education's consultation on a National Funding Formula.

**Recommended –**

**Members are asked consider how the Schools Forum's response to this consultation is best pulled together and how the implications of the proposals are best analysed and communicated.**

(Andrew Redding – 01274 432678)

#### 6. **OTHER SCHOOLS FORUM STANDING ITEMS** (i)

Updates on the following Forum standing items will be provided verbally where these have not been covered within other agenda items:

- Update on Single Status
- Update from the Schools Financial Performance Group (SFPG)
- Update from the Early Years Working Group (EYWG)
- Update from the Formula Funding Working Group (FFWG)
- Update on Primary School Places
- Update on Academies & Free Schools

**Recommended –**

**The Forum is asked to note the information provided.**

(Andrew Redding – 01274 432678)

#### 7. **ANY OTHER BUSINESS (AOB)**

Members will be asked for any additional items of business, for consideration at a future meeting.

#### 8. **DATE OF NEXT MEETING**

Please see the published schedule of meetings – Wednesday 18 May 2016.

Please be aware that the dates of meetings for the 2016/17 academic year have been established for as follows:

- Wednesday 21 September 2016
- Wednesday 19 October 2016
- Wednesday 7 December 2016
- Wednesday 11 January 2017
- *Wednesday 18 January 2017 - PROVISIONAL MEETING*
- Wednesday 15 March 2017
- Wednesday 17 May 2017
- Wednesday 5 July 2017

Please note all meetings will commence at 0800 in Committee Room 1 at the City Hall, Bradford.

## MINUTES OF THE MEETING OF THE SCHOOLS FORUM HELD ON WEDNESDAY 6 JANUARY 2016 AT CITY HALL, BRADFORD

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Commenced 0805  
 Adjourned 1000  
 Reconvened 1015  
 Concluded 1100

### PRESENT

#### School Members

Brent Fitzpatrick, Chris Quinn, Dianne Rowbotham, Dominic Wall, Dwayne Saxton, Emma Ockerby, Ian Morrel, Kevin Holland, Michele Robinson, Maureen Cairns, Nick Weller, Nicky Kilvington, Nigel Cooper, Ray Tate, Sami Harz, Sue Haithwaite, Tahir Jamil, Trevor Loft and Wahid Zaman

#### Nominated Sub School Member

Irene Docherty

#### Non School Members

Ian Murch  
 Donna Willoughby

#### Local Authority Officers

Andrew Redding	Business Advisor (Schools)
Dawn Haigh	Principal Finance Officer (Schools)
Judith Kirk	Interim Assistant Director, Education and School Improvement
Linda Mason	Interim Assistant Director, Access and Inclusion
Michael Jameson	Strategic Director, Children's Services
Raj Singh	Business Advisor
Stuart McKinnon-Evans	Director of Finance

#### Observers

Adrian Cogill	National Association of Headteachers (NAHT)
Councillor Hinchcliffe	Portfolio Holder, Education, Skills and Culture
Councillor Pollard	
Councillor Sykes	Children's Services Overview and Scrutiny Committee, Chair
Lynn Murphy	Business Manager, Feversham College
Wendy Shuttleworth	Teachers Union

#### Apologies

Bev George, Gareth Dawkins and Phil Travis

### DOMINIC WALL IN THE CHAIR

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### 131. CHAIR'S OPENING REMARKS

The Chair welcomed Wahid Zaman as the new member of the Schools Forum (maintained Primary Headteacher).

### 132. DISCLOSURES OF INTEREST

During the course of the meeting and in the interests of transparency, a declaration was received from Ian Morrel agenda item 10 "Indicative Delegated Budgets 2016/17 (Fair Access Officer Post Proposal)", (minute 140).

### 133. MINUTES OF 9 DECEMBER 2015 & MATTERS ARISING

The Business Advisor (Schools) reported on other Matters Arising items below:

- It was explained that, due to the short time since the last meeting, reporting on the specific matters raised at the December meeting would take place in March.
- The Business Advisor (Schools) also explained that there are a number of significant matters that are due to be reported back to the Schools Forum that are outstanding; SEND review (including the development of ASD provisions, the sufficiency of places and free school options), the development of sector-led delivery of SEND specialist support services, review of behaviour support provisions and strategies, and the development of the outdoor education centres. In discussing these with the Chair and Vice Chair, it has been agreed that comprehensive, detailed updates are now required and that these should form the basis of the March meeting agenda.
- It was reported that no further announcements have been made on national funding formula from April 2017.
- A number of recent announcements relating to the 2016/17 financial settlement for schools were summarised, including the continuation of the main Pupil Premium Grant at 2015/16 rates, the cessation of Pupil Premium Summer Schools Grant, the continuation of the Universal Infant Free School Meals Grant at £2.30 per new meal per day and the continuation of both the Primary PE and Sports Grant and Secondary Year 7 Catch Up Grant, with rates of funding to be announced later in 2016. It was also confirmed that the Education Services Grant rate is reduced by £10 per pupil in 2016/17 and that, as well as reducing the funding received by academies, this has a £630,000 impact on the Council's financial position, the response to which was not included (as it was not known) in the Council's current budget consultation.
- It was reported that some important elements are still to be announced, including Post 16 funding and confirmation on the position of schools and academies against the new apprenticeship levy, which was announced by the Chancellor in November.
- It was confirmed that the Regulations have now been amended to permit local authorities to charge community and voluntary controlled schools for the cost of administering admissions appeals. It is anticipated that the Forum will be asked to consider this matter further at the March meeting.

The Chair explained that he feels strongly that he has a role as Chair to talk directly to the Strategic Boards and Partnerships about the substantial issues that are being considered by the Schools Forum, especially the SEND reviews. A letter on this basis will be sent (from the Chair and Vice Chair) to the Strategic Boards.

A Non Schools Member asked a question relating to discussions had in previous meetings about the establishment and sustainability of the New to English centres of excellence. In response, the Interim Assistant Director, School Improvement, reported that the 6 centres have now been identified and that the funding methodology and sustainability of these centres would be considered and monitored by the Bradford Education Improvement Commissioning Board.

**Resolved –**

- (1) That progress made on other “Matters Arising” be noted.**
- (2) That the minutes of the meeting held on 9 December 2015 be signed as a correct record (previously circulated).**

**134. MATTERS RAISED BY SCHOOLS**

**No resolution was passed on this item.**

**135. STANDING ITEM – DSG GROWTH FUND ALLOCATIONS**

**No resolution was passed on this item.**

**136. STANDING ITEM – BRADFORD EDUCATION IMPROVEMENT COMMISSIONING BOARD**

**No resolution was passed on this item.**

**137. UPDATE ON THE 2016/17 DSG FUNDING POSITION**

The Business Advisor (Schools) presented a report, **Document FQ**, which updated members on the position of the Dedicated Schools Grant for the 2016/17 financial year. It was explained that this is a main reference document for this meeting.

The Business Advisor presented the Document in some detail, explaining that the vast majority of what is presented has been seen by the Schools Forum in previous meetings or is the result of matters of previous discussion that are now being confirmed. It was explained that, if the Schools Forum was to agree all proposals being put forward (in Document FU), then Document FQ shows the DSG’s allocation for 2016/17. All modelling that is shown in agenda papers is calculated on the basis outlined in Document FQ.

It was reported specifically that, in confirming the DSG settlement for 2016/17, Bradford has been allocated an additional unexpected sum of £1.09m in High Needs Block funds, which helps substantially in the management of the overall cost pressure on the DSG. This allocation reduces the overall funding gap from the previously estimated £2.7m to £1.7m. It

was explained that, as part of its recommendations, the Schools Forum will be asked to remove this funding gap by reducing rates of formula funding across all 3 DSG Blocks, which is the recommendation of the Formula Funding Working Group. The Business Advisor confirmed that a flat reduction of 0.42% in rates across the 3 Blocks was required to resolve this funding gap.

The Business Advisor explained the continuation (and increase) in the subsidy of the High Needs Block costs by the other 2 DSG Blocks.

The Business Advisor explained the recommendations that have been made by the De-Delegated and Centrally Managed Funds Working Group for the continuation or otherwise of centrally managed DSG funds. It was confirmed that all the modelling presented to the meeting is calculated on the basis that the Schools Forum will agree these recommendations.

The Business Advisor also specifically drew to the attention of Members the changes in primary and secondary school / academy level data recorded in the October 2015 Census, which is driving distribution change. This also means that decisions need to be taken by the Schools Forum on how to 'recycle' formula funding monies that have been released as a result of the October 2015 Census recording lower rates of deprivation. This is especially so for the IDACI formula factor and for Primary FSM and mobility. These changes were considered in some detail (it was explained, for example, that the formula funding cost of the new IDACI data is reduced by £6.1m; IDACI is subject to a 5 year update). The Business Advisor commented that it is possible to see a direct link between the introduction of UIFSM and the reduction in FSM% rates across the District in the primary phase in October 2015. He explained that a motion was currently being discussed by Parliament to require the automatic enrolment of eligible children. The Vice Chair asked all Members of BPIP to talk to schools to encourage eligible parents to apply for FSM (and especially over the next 3 weeks prior to the completion of the January Census, which is used for the calculation of Pupil Premium).

In response to the Business Advisor stating that the levels of pupil mobility in the primary sector has significantly reduced as recorded by the October 2015 Census, a Schools Members asked whether, if the formula funding factor threshold was reduced from 10% to say 8%, this would increase the number of schools in receipt of funding. The Business Advisor explained that he wasn't sure of the exact figure, but he understood that schools either have high or very low levels of mobility, so he suspected that a small reduction in the mobility threshold would not fund a significantly larger number of schools.

In summarising the Business Advisor's presentation, the Chair emphasised the subsidy of the Schools Block of High Needs Block costs and the further support of this position in the proposed use of one off monies (for behaviour). He added that the change in central funds distribution needs to be communicated clearly. He also advised Members that the 'surprising' demographic changes recorded in the October 2015 Census and the proposed response for 2016/17, especially in IDACI, need to be thought about in the context of imminent national funding formula i.e. that, if we were not on the cusp of significant funding change and if a minimum funding guarantee was not in place, we would need a more substantial conversation about formula factors and the distribution of AEN funding. The proposed response, which is likely to be applicable only for a year, feels to be reasonable in this context). The Chair also commented that the financial risk (and the holding of reserves against this risk) associated with the conversion of a significant number of maintained schools to academy status over the next couple of years needs to be monitored and closely considered.

**Resolved –**

**That the information contained in Document FQ be noted.**

**138. UPDATE 2015/16 CENTRALLY MANAGED FUNDS SPENDING POSITION)**

The Business Advisor (Schools) presented an analysis, **Document FR**, which updates members on the position of 2015/16 funds and the value of one off funding available. It was explained that this is a straight repeat of the information presented to the Forum on 9 December and is provided for reference.

The Chair asked Members if they have any further comments or questions on this information.

A representative of Maintained Primary Headteachers, referring to comments he has made in previous meetings, drew the attention of Members to the extent to which the distribution of monies continues without redress to favour the secondary sector from a subsidy from the primary sector (this has been the position for 5 years). The Chair stated that the Member is absolutely right to remind the Schools Forum of this. The Chair offered the view that knowing that a national funding formula is to be introduced (and has been delayed in recent years) has stopped some of the reflective work that may have otherwise been undertaken.

Further discussion took place at this point about the impact and implications of the change in the level of deprivation in schools as measured by IDACI 2015. The Strategic Director, Children's Services, commented that the level of deprivation in Bradford being measured to be lower than in 2010 appears to be at odds with other data. The Business Advisor explained that further analysis will be carried out on the IDACI data, but that the impact of IDACI 2015 appears to be the same across many local authorities and that Bradford's comparative national position appears to be in line with IDACI 2010 (i.e. this suggests that IDACI 2015 is measuring income deprivation to be lower than IDACI 2010 on a national basis and that Bradford's comparative position is similar). The Business Advisor added that the full Index of Multiple Deprivation 2015 (which measures deprivation in more than just income terms) does indicate that the level of deprivation in Bradford has increased comparatively since last measured in 2010.

A Non Schools Member stated that the effective use of our deprivation data will be critical in our response to the Government's consultation on national funding formula, if this is to initiate a reduction in the DSG funding Bradford receives. This was echoed by the Chair.

The Finance Director asked for clarification on the process for confirming the values of one off monies available, as the total value is currently estimated. The Business Advisor explained that there is a well established process for confirming the value of one off monies (under spending in the DSG) following the close down of the financial year, with any balance of funds being managed in the following year. Previously, this confirmation has resulted in more funds being available, but if not any over allocation would need to be managed within the 2016 or 2017 DSG allocations.

**Resolved –**

**That the information contained in Document FR be noted.**

**139. CENTRALLY MANAGED AND DE-DELEGATED FUNDS 2016/17**

The Business Advisor (Schools) presented a report, **Document FS**, which asked the Schools Forum to consider the full recommendations from the Working Group, established to review the future approach to the funding of Early Years and Schools Block central items and de-delegated funds from the DSG.

The Business Advisor outlined the recommendations, especially those relating to the reduction and cessation of the DSG's matched contribution to school improvement. Members were reminded that all modelling presented to this meeting was calculated on the basis of these recommendations being agreed. It was explained that the Working Group had not had the opportunity to make a final recommendation on the admissions fund, which is why a specific paper is presented on this (Appendix 3). The Schools Forum is asked to specifically consider the proposal for a Fair Access Protocol officer outlined in the paper and presented by the Admissions Manager.

In the discussion that followed, Members made the following comments and asked the following questions:

- It was clarified that the DSG would only be expected to meet a proportionate calculation of any exit costs associated with staffing salaries following the cessation of the DSG's school improvement contribution. A Member representing academies stated that, as the DSG's contribution to school improvement is being significantly protected up to September 2017, it is expected that additional exit costs at September 2017 will be minimal. The Interim Assistant Director, School Improvement, agreed with this expectation.
- Regarding the proposal for the establishment of a Fair Access Protocol officer, a Schools Member commented that he is not clear how this post will deliver school improvement. Another Schools Member expressed concern for whether this post will create a new future liability on the DSG. The Admissions Officer responded to explain the expected impact of the post on school improvement issues (e.g. quicker placement of children out of school). A Member representing academies offered the view that the Forum should focus its decision making on the total £577,000 DSG commitment to admissions, rather than getting into the detail of how different elements of the budget are allocated.

**Resolved –**

**That the information contained in Document FS be noted.**

**140. INDICATIVE DELEGATED BUDGETS 2016/17**

The Principal School Finance Officer presented a report, **Document FT**, which showed the indicative value of delegated allocations for individual schools, academies and other settings for the 2016/17 financial year and also shows the draft Primary and Secondary and Early Years Pro-formas. It was explained that the allocations and the Pro-formas were subject to the final decisions and resolutions made by the Schools Forum under minute 140.

In the discussion that followed, Members made the following comments and asked the following questions:



- Looking at the schools that are losing pupils, whether discussions are taking place with planners to ensure that houses are being built in the right areas. It was explained that a number of the reductions in pupil numbers are due to the ending of previous bulge classes.
- The Chair of Children's Services Scrutiny Committee, observing the meeting, commented that the issue of surplus balances held by schools has not yet been mentioned. The Business Advisor explained that the values of balances are reported annually to the Schools Forum following year end closedown, usually in May. The Business Advisor also clarified the Regulations regarding what happens to a balance of a maintained school that converts to academy status. The Finance Director asked whether deficit balances are an automatic charge on the DSG. It was explained that the Local Authority has liability for the cost of deficits, but that, where the Schools Forum has de-delegated arrangements in place, the cost could be met by the DSG if agreed by the Schools Forum. Members expressed a concern to understand better the possible cost of academy conversion to the Authority / the DSG, including the likelihood of schools concerting with deficit budgets over the next two years, and asked for a report to be provided on this.
- An Academy Member asked for clarification on the calculation of the Minimum Funding Guarantee, commenting that it did not appear to be producing fair results. The Business Advisor explained the reasons why schools / academies are funded via the MFG and that the methodology is set by the DfE. He explained that the methodology is somewhat crude.

**Resolved –**

**That the information contained in Document FT be noted.**

**141. FINAL RECOMMENDATIONS AND DECISIONS 2016/17 DSG**

The Business Advisor (Schools) presented **Document FU**, which summarised the decisions and recommendations that the Schools Forum was asked to make in setting the allocation of the DSG and final formula funding arrangements for the 2016/17 financial year. The Forum was asked to take decisions / make recommendations on the items listed under the following main headings:

- Schools and Early Years Block Central and De-Delegated Items
- Growth Fund Allocations 2016/17
- The High Needs Block
- The Allocation of Available One Off Monies
- Early Years Funding and Pro-Forma 2016/17
- Primary & Secondary Funding and Pro-Forma 2016/17

The Chair stated that he understood there to be a general sense of confidence in the proposals presented in Document FU and a consensus of agreement of these. Recognising this, he proposed to the Schools Forum that agreement on the proposed recommendations be confirmed or otherwise initially on a section by section basis, going down to agreement / further discussion on a line by line basis only where Members do not agree with a specific proposals. This approach was agreed.

In confirming its recommendations, Members made the following additional comments and asked the following additional questions:

- The Vice Chair asked when the SEND review is to be started. The Interim Assistant Director, Access and Inclusion, confirmed that 2 initial scoping meetings dates are in the diary.
- A representative of Maintained Special Schools asked for further discussion / clarification on how the proposal to allocated additional place-led funding to high needs providers only at the end of the financial year will operate. It was agreed that the Business Advisor would discuss this further with the Member and report back to the next meeting with a recommendation.
- It was agreed that the differential in the use of the £577,000 admissions budget be removed from the recommendations.
- What would happen if the Schools Forum did not agree to continue the DSG's funding of the BSF Financial Affordability Gap? The Business Advisor responded that the likelihood is that the Executive would over rule the Schools Forum on the matter, as the DSG's contribution is now a longstanding and well established budget.
- What is the status of the information that has been presented to this meeting before the Executive considers the recommendations in February? It was confirmed that all reports and modelling presented to the meeting are public and can be used, as long as those using them are aware of the caveat that the information is subject to Executive approval.

It was agreed that the minutes record the disagreement of the representative of Maintained Primary Headteachers from the collective view on recommendation 4.5, referring to the concerns expressed on the lack of redress of the distribution of one off monies towards the secondary at the expense of the primary sector.

In closing the meeting, the Chair thanked Members and commended the School Funding Team in providing transparent information to the Schools Forum in order for it to make its recommendations.

The Chair also stated clearly, however, that it is crucial the Schools Forum receives comprehensive updates on outstanding discussion matters. The Chair's final remarks to the meeting emphasised the importance of this to all in attendance that have responsibility in these areas.

**Resolved –**

#### **SCHOOLS & EARLY YEARS BLOCK CENTRAL AND DE-DELEGATED ITEMS 2016/17**

**Funds for the 2016/17 financial year agreed by Schools and Academies Members on a relevant phase specific basis (Early Years, Primary and Secondary):**

- (1) **Schools Forum Costs: agreed to continue the DSG budget at the value of £10,000.**
- (2) **School Admissions:**

- Agreed to continue the DSG budget at the value of £577,600.
- Agreed to delegate responsibility for the allocation of the £151,000 sum, including to the establishment of the Fair Access Officer post approved by the Schools Forum, to the Bradford Education Improvement Commissioning Board (BEICB).

**(3) DSG Matched Contribution to School Improvement:**

- Agreed to delegate the sum of £432,640, released from ceasing the DSG's contribution to the consultants teams, to Primary and Secondary budget shares, and to Early Years delegated budgets, as outlined in Document FS and its appendices.
- Agreed to delegate the sum of £128,582, by reducing by 25% the DSG's Matched Contribution to School Improvement for the period 1 September 2016 to 31 March 2017, to Primary and Secondary budget shares, and to Early Years delegated budgets, as outlined in Document FS and its appendices.
- Agreed to delegate the sum of £96,550, by reducing by 25% the DSG's contribution to Early Childhood Services for the period 1 September 2016 to 31 March 2017, to Primary and Secondary budget shares, and to Early Years delegated budgets, as outlined in Document FS and its appendices.
- *Please note that this recommendation relates to funding from 1 April 2017.* Agreed to continue the DSG's Matched Contribution to School Improvement and to Early Childhood Services for the period 1 April 2017 to 31 August 2017 at the reduced values outlined in Document FS Appendix 1 (the values for the period 1 April 2015 to 31 August 2015 reduced by 25%).
- *Please note that this recommendation relates to funding from 1 April 2017.* Agreed to cease the DSG's Matched Contribution to School Improvement and to Early Childhood Services at 31 August 2017, with the sums released to Primary, Secondary and Early Years delegated budgets in 2017/18 and 2018/19 following the principles outlined in Document FS Appendix 2.
- *Please note that this recommendation relates to funding from 1 April 2017.* The Local Authority is expected to manage transition to minimise the cost to the 2017/18 DSG of staffing restructure.

- (4) Agreed to hold a contingency of £193,700 in the Early Years Block to meet the costs of in year adjustments relating to the termly re-calculation of nursery funding.**

**Schools Members representing maintained schools agreed the following values of de-delegated funds as per Document FS Appendix 1 and Appendix 2 for the 2016/17 financial year:**

- (5) ESD School Support (Primary only): Agreed to continue de-delegation to provide the same cash budget as 2015/16 (with a reduced £app contribution)**

so that the review (the Council's proposals for a Virtual School for Vulnerable Children and the development of a sector-led delivery model for specialist SEND teaching services) can determine the allocation / re-allocation of monies. The review may mean that how the de-delegated fund is allocated may change during the year and the Schools Forum is to be consulted on any proposed changes.

- (6) **Minority Ethnic School Support:** Agreed to cease de-delegation from the end of April 2016 and to provide in the 2016/17 financial year a de-delegated fund to the value of 1 month's cost of service plus the DSG's proportionate contribution to re-structure costs (Primary and Secondary).
- (7) **Costs of FSM Eligibility Assessments:** Agreed to continue de-delegation at the 2015/16 per FSM values, with the contribution taken from FSM Ever 6 allocations (Primary and Secondary).
- (8) **Fisher Family Trust:** Agreed to continue de-delegation to meet the cost of licences (Primary and Secondary), understanding that the cost of licences has still to be finally confirmed for 2016/17.
- (9) **School Maternity / Paternity 'insurance' fund:** Agreed to continue de-delegation at increased per pupil values in 2016/17 (+ £3.19); increased in response to the actual cost profile in 2015/16, net of an estimated reduction in cost from the anticipated conversions of schools to academies during 2016/17 (Early Years, Primary and Secondary).
- (10) **Trade Union Facilities Time – Negotiator Time:** Agreed to continue de-delegation at the 2015/16 per pupil values (Early Years, Primary and Secondary).
- (11) **Trade Union Facilities Time – Health and Safety Time:** Agreed to continue de-delegation at the 2015/16 per pupil values (Early Years, Primary and Secondary).
- (12) **School Staff Public Duties and Suspensions Fund:** Agreed to continue de-delegation at the 2015/16 per pupil values (Early Years, Primary and Secondary).
- (13) **School Re-Organisation Costs (Safeguarded Salaries):** Agreed to continue de-delegation in 2016/17 to meet the actual cost of continuing safeguarded salaries (Primary and Secondary only).
- (14) **Exceptional Costs & Schools in Financial Difficulty:** Agreed to continue de-delegation to provide planned budgets of £150,000 (Primary) and £25,000 (Secondary only) in 2016/17.

All Forum Members agreed by consensus the principles behind the management of these funds, that:

- (15) **Funds set for 2016/17 are to be managed by the Schools Forum and that the Forum be provided with monitoring reports during the year.**

- (16) Any over or under spending of these funds in 2016/17 be written off from, or added back to, the DSG in 2017/18 on a phase specific basis i.e. if Secondary schools overspend this will be written off from the 2017/18 Secondary ISB etc (noting that this general principle may be affected by the implementation of a national funding formula at April 2017).
- (17) All funds, and the values of these funds, are set for 2016/17 only and will be subject to annual review, to take account of changes in commitments, changes in the delivery of services, the number of schools that have converted to academy status, and also the introduction of a national funding formula.
- (18) If it is necessary, and agreed by the Schools Forum, to write off to the DSG a deficit of a closing maintained school, or a maintained school that converts as a sponsored academy during 2016/17, where de-delegated budget provision has not been specifically made, this will be done retrospectively from the 2017/18 DSG or from any one off balances available at the end of 2016/17. That the Authority would anticipate using the DSG's 'resilience reserve', allocated to enable de-delegation, to meet such costs.

#### **GROWTH FUND ALLOCATIONS 2016/17**

All Schools and Academies Members by consensus agreed:

- (19) To the Growth Fund allocations for existing & known expansions and bulge classes in 2016/17 listed in Document FU Appendix 1, at a total cost of £1,608,421.
- (20) An additional planned budget of £550,000 to be held for in year new allocations for both Primary and Secondary schools and academies; this planned budget is split £250,000 Primary and £300,000 Secondary. All further in year allocations from the Growth Fund will be agreed by the Forum prior to confirmation with the receiving school. Growth Fund allocations will continue as a standing Forum agenda item to enable this.

#### **THE HIGH NEEDS BLOCK 2016/17**

All Forum Members by consensus agreed to:

- (21) Retain all current budget allocations within the High Needs Block in the 2016/17 financial year unless otherwise specifically stated. This is done on the understanding that the proposed re-commissioning of SEND teaching support services (proposed in the Council's budget consultation for 2016/17) may mean that centrally managed budgets are re-allocated (to schools) during the financial year. The Schools Forum will be further consulted on this.
- (22) Retain the 2015/16 structure of the High Needs Funding Model (Place-Plus) to calculate delegated allocations for the 2016/17 financial year but with the following amendments:
  - Remove the Bradford-Specific Minimum Funding Guarantee factor for Special Schools and Academies and DSPs from 1 April 2016, but retaining the 1.5% total cash budget protection reduction factor.

- That the proposal to, “only calculate additional place-led funding (where settings may admit children above their planned place number) at the end of the financial year on a composite monthly occupancy figure. Settings will continue to be funded for all additional places at the £10,000 value” be further considered with the representative of maintained special schools, in response to her comments made at the meeting, with a final methodology to be reported back to the Schools Forum at the next meeting.
- (23) Continue the methodology for the calculation of the Top Up (Element 3) funding for Post 16 High Needs students in Further Education Settings that was established at September 2015 and reported to the Schools Forum on 21 October 2015.
  - (24) Calculate the initial planned cost of High Needs Block spending in 2016/17 (place-led and plus elements) on the allocation of places for Bradford-located settings at a total of 2,000 for the 2016/17 academic year. This is the same as presented to the Forum in December in Document FO Appendix 1 at individual institution level, but with an adjustment to increase the number of secondary-aged alternative provision places to 394.
  - (25) Increase the planned budget in the High Needs Block by £500,000 for the cost of placements in independent settings and non-maintained special schools.
  - (26) Continue to apply the established principle that the distribution of alternative provision places (394 places) can move flexibly with the needs of students as identified by the Local Authority and the BACs and that the total number of places can be exceeded where a clear mechanism is in place for the DSG to be reimbursed for the cost of these from the BACs.
  - (27) Continue the additional £180,000 allocated to Primary-aged behaviour support. How this funding is to be used (and allocated to places at individual settings) will be determined by the review.
  - (28) Add to the initial setting-identified planned places provision an additional, currently unallocated, budget for a further 10 places at April 2016 and 20 places at September 2016 (calculated at £20,000 per place and rounded to a total cost of £400,000), which is available to fund both SEND and alternative provision additional places.
  - (29) Allocate the £600,000 of secondary one off monies to help resolve the immediate pressure for places, especially at District PRU.
  - (30) The funding released from the reduction in places in the ARCs (places have been reduced by 18) to be transferred to be available a) to meet the cost of placements in other delegated settings and b) to ensure that the centrally managed teaching service has sufficient capacity to support children in mainstream settings.
  - (31) Control the growth in cost pressure / help support meeting the funding gap in the overall DSG that is the result of the growth in pressure in the High Needs Block (as outlined in Document FQ) by making the following adjustments:

- Reduce the rates of Top Up in the HNB Funding Model for all Place-Plus calculated budgets by the same % that Early Years, Primary and Secondary variables are reduced by in order specifically to meet the funding gap. That the values of Top Up for each Range are reduced by the same %. This is a reduction of 0.42%. Funding values are shown in Document FT Appendix 3.
  - Apply the same % reduction (0.42%) to all centrally managed / non-Place-Plus High Needs Block budgets.
  - Reduce the specialist equipment budget for special schools and academies by 50% at 1 April 2016, to £37,500.
- (32) Continue to finance the additional £200,000 planned budget for the Early Years Inclusion Panel (EYIP) in 2016/17, to allocate in support of SEND needs of 2 year olds taking the free entitlement, from the balance of the under spending of the DSG's 2 year old resources.
- (33) Agreed to continue a budget, at a value of £100,000, in the High Needs Block to be available to contribute to capital costs associated with the expansion of existing, or the establishment of new, resourced provisions.
- (34) Agreed to hold an unallocated contingency sum of £250,000 within the High Needs Block planned budget (reduced from £425,000 in 2015/16) to support meeting any unexpected costs associated with the placement of children in specialist settings and to meet the expected increase in the cost of statements in mainstream provision.

#### **THE ALLOCATION OF ONE OFF MONIES (DSG UNDERSPEND)**

All Forum Members noted that:

- (35) Further approval is not sought for the allocation of the £303,448 relating to funds to be retained for the same purpose or re-allocated back to delegated budgets in 2016/17 (as this is a requirement of the Finance Regulations).
- (36) No value of one off monies is allocated generally into delegated budgets in 2016/17.
- (37) £2.418m of the £9.637m has already been committed to be spent after 1 April 2016 by decisions by the Schools Forum taken at previous meetings (shown in section 1 of Document FR Appendix 1). Members are not asked to revisit these:
- |  |         |
|--|---------|
| • Financial Support for Beckfoot Upper Heaton Academy                      | £1.175m |
| • Post Opening Diseconomies of Scale Funding –<br>Bradford Forster Academy | £0.166m |
| • Revenue Support for the Outdoor Education Centres                        | £0.228m |
| • EYIP Funding for 2 Year Olds (SEND)                                      | £0.200m |
| • Deficit of a Secondary School Converting to Academy Status               | £0.650m |

All Forum Members by consensus agreed to:

- (38) Retain the balance of the under spending of the DSG's 2 year old resources, forecasted to be £773,400 (but subject to change), to be spent from April 2016 on the further development of the District's 2 year old provision, including ensuring a sufficiency of places across all areas of the District and providing a budget to be available to fund work to assess the impact of the 2 year old offer on educational outcomes.**
- (39) Retain the balance of the Joint Improvement Investment Fund unspent at 31 March 2016, currently forecasted to be £765,904 (but subject to change), to continue to be managed and allocated by the Bradford Education Improvement Commissioning Board from April 2016 for the original purposes for which the Fund was established by the Forum.**
- (39) Retain the balance of the Primary Behaviour Support Fund, currently estimated to be £85,000 at 31 March 2016 (but subject to change), to continue to fund strategic change and transition, including to continue to fund the cash budget protection factor for the Primary Behaviour Centres for as long as this is applicable in 2016/17 (timescale to be determined by the current strategic review).**
- (40) Retain the £600,000 of secondary one off monies to be spent specifically to help resolve the immediate pressure for places, especially at District PRU.**
- (41) Retain the £151,000 admissions fund allocated in 2015/16 and to delegate responsibility for this to the Bradford Education Improvement Commissioning Board (BEICB).**
- (42) Retain the £2,000,000 DSG resilience reserve. This reserve is available to be used to support unexpected additional costs (and potentially any deficits of maintained schools converting to academy status through the de-delegated re-organisation costs route).**
- (43) Retain the £968,158 DSG reserve from which to finance capital loans, noting that £1,000,000 is the maximum total value of loans that can be agreed at any one time.**
- (44) Allocate £0.517m of one off monies to minimise the extent to which formula funding rates have to be reduced in 2016/17 to absorb the cost of growth in former non recoupment academies.**
- (45) Allocate £0.428m to fund the Forum's agreed commitment to the post opening diseconomies of scale support to Bradford Forster Academy for the 2017/18 financial year (to be paid in advance in 2016/17).**



- (46) Set aside a further £0.931m for the Forum's agreed financial support commitment to Beckfoot Upper Heaton Academy (formerly Belle Vue Boys Secondary School). This creates a total available budget of £2.105m.

### **EARLY YEARS FUNDING AND PRO-FORMA 2016/17**

Schools and Academies Members (by consensus on a phase specific basis) agreed to:

- (47) Continue the established principle that any over or under spending against estimated budgets, resulting from termly adjustments and from the re-calculation of the DSG for January 2016 & January 2017 pupil numbers, be written off from, or added back to, the DSG budget in 2017/18, noting that this may be affected by the implementation of a national funding formula at April 2017.
- (48) Confirm the setting base rates values for the 2016/17 financial year for Early Years Single Funding Formula for Nursery schools, Nursery Classes and PVI Providers at:
- 2 year olds (all settings) £4.83 pr hour
  - 3 / 4 year olds Maintained Nursery Schools £5.70 pr hour
  - 3 / 4 year olds Nursery Classes attached to primary schools / academies £4.13 per hour
  - 3 / 4 year olds Private, Voluntary and Independent providers £4.62 per hour
- (49) Apply a 0.42% reduction to the average deprivation rate in the 3 and 4 Year Old EYSFF in line with the flat rate reduction for the DSG funding gap applied to all other funding factors.
- (50) The Pro-Forma, which summarises the Early Years Single Funding Formula values for the 2016/17 financial year shown at Document FT Appendix 5.

### **PRIMARY AND SECONDARY FUNDING AND PRO-FORMA 2016/17**

Schools and Academies Members (on a phase specific basis) agreed:

- (51) The value of the DSG's contribution to the Building Schools for the Future affordability gap for 2016/17 be set at £6,384,271, which is the 2015/16 value plus an estimated 1.5% RPIX (an increase of £94,349).
- (52) The Primary and Secondary Pro-forma for the 2016/17 financial year shown at Document FT Appendix 4.
- (53) The minutes of the meeting will record the disagreement from the consensus of a representative of maintained primary school headteachers and the concerns expressed by the representative on the continued weighting of the DSG towards the secondary phase.
- (54) That detailed reports, on SEND and Behaviour strategy matters and on the

**outdoor education centres, be presented to the March meeting. That these reports respond comprehensively to the outstanding action points and requests for information that have made by the Schools Forum and that are recorded in the minutes of previous meetings.**

- (55) That additional information also be provided to the March meeting on the anticipated volume of conversions of maintained schools to academy status in Bradford and the likelihood of liabilities resulting from the conversion of schools holding deficit budgets.**

**142. ANY OTHER BUSINESS (AOB)**

**No resolution was passed on this item.**

**143. DATE OF NEXT MEETING**

**The next meeting of the Schools Forum is Wednesday 16 March 2016.**

Note: These minutes are subject to approval as a correct record at the next meeting of the Forum.

minutes\SF\6Jan

**THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER**



Department  
for Education

# **Schools and high needs funding reform**

**The case for change and consultation  
summary**

**March 2016**

# Contents

The case for change	3
What we are trying to achieve	12
Reforming the school funding system	14
A hard national funding formula	14
The schools national funding formula	15
Transition to a reformed funding system	17
Funding that will remain with local authorities	19
High needs national funding formula	19
Timetable for consultation and implementation	22
Reference list	23
Figure 1: Funding per pupil compared to pupil characteristics	23
Figure 2: Proportion of pupils eligible for free school meals	23
Figure 3: Funding per pupil compared to free school meal eligibility	24
Figure 4: Proportion of funding allocated through each factor	24
Figure 5: Lump sum ranges	25

## The case for change

1. The government's objective is to provide world-class education that allows every child and young person to achieve to the best of his or her ability regardless of location, prior attainment and background. Fairness in the way that education provision is funded for all children is crucial to achieving this objective.
2. The 2015 spending review recognised that transforming education is central to the government's commitment to extending opportunity and delivering social justice. It therefore protected the national schools budget in real terms for the duration of the Parliament, allowing us to protect the dedicated schools grant schools block at flat cash per pupil, and the pupil premium at current rates. It also announced that the government will introduce the first ever national funding formula for schools, early years and high needs to match funding directly and transparently to need<sup>1</sup>.
3. This consultation sets out the government's plans for reforming funding for schools and for high-cost special educational needs and alternative provision.
4. The funding system for education should support the government's objective of enabling all schools to deliver excellence everywhere. Opportunity should be open to all, in all parts of the country: rural and urban, shire and metropolitan, north and south. It should be fair, with funding for schools based on the needs and characteristics of pupils, in a transparent, understandable way. It should be clear how much funding is following each pupil to their school, including disadvantaged pupils, and this should be the same everywhere, whilst reflecting higher costs in some areas. The allocation of high needs funding to local authorities should be equally rational.
5. The system should get funding straight to schools, allow school leaders to plan and prioritise their budgets with as much certainty as possible, and it should promote efficiency – to help schools bear down on back office costs and devote every possible pound to improving opportunity for their pupils. Fundamentally, the funding system should enable schools and local authorities to give the pupils in their charge the best possible opportunity to maximise their potential.
6. It is widely acknowledged that the current funding system fails to do this, and is unfair and opaque (see quotes below)<sup>2</sup>. For the most part, the dedicated schools grant

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<sup>1</sup> HM Treasury, '[Spending Review and Autumn Statement 2015](#)', 25 November 2015

<sup>2</sup> Association of School and College Leaders, '[ASCL policy: Education Funding](#)', May 2015 ;

Parish N, Bryant B, Isos Partnership, '[Research on funding for young people with special educational needs research report](#)', July 2015 ;

Kathryn James, National Association of Head Teachers, '[Fair funding – getting it right: a new national funding formula for schools](#)', January 2016

for each authority is not based on what its schools need now: it is based on decisions going back years. When the current system was introduced in 2006, the amount paid to each local authority was based on what they had planned to spend on schools in 2005. Ever since, each year's funding has started from this assessment of local need made over a decade ago.

“The distribution of the national education budget to educational institutions should be sufficient, sustainable and equitable.... A national fair funding formula should take into account the needs of educational institutions and their pupils. This should not be predicated on the historical way in which funding is allocated.”

**Association of School and College Leaders (ASCL)**

“Historic spend does not appear to match very closely with current levels of need. Furthermore, there was a strong feeling among the local authorities that took part in our research, and many of the national stakeholders, that the current distribution of the high needs block funding was not sufficiently transparent, objective or fair. We judged, therefore, that there was a strong argument in favour of moving from a distribution based on historic levels of spending to a formula-based allocation.”

**Isos Partnership**

“As our schools are expected to become increasingly autonomous and self-determining, it is important that they have control over their budget and, for that to be the case, there needs to be a level of certainty and equity over the income. The accountability regime for all schools is the same, the expectations of what they will deliver to their pupils is the same. It is only right that the funding schools receive for their pupils is the same, with recognition given for extreme differences.

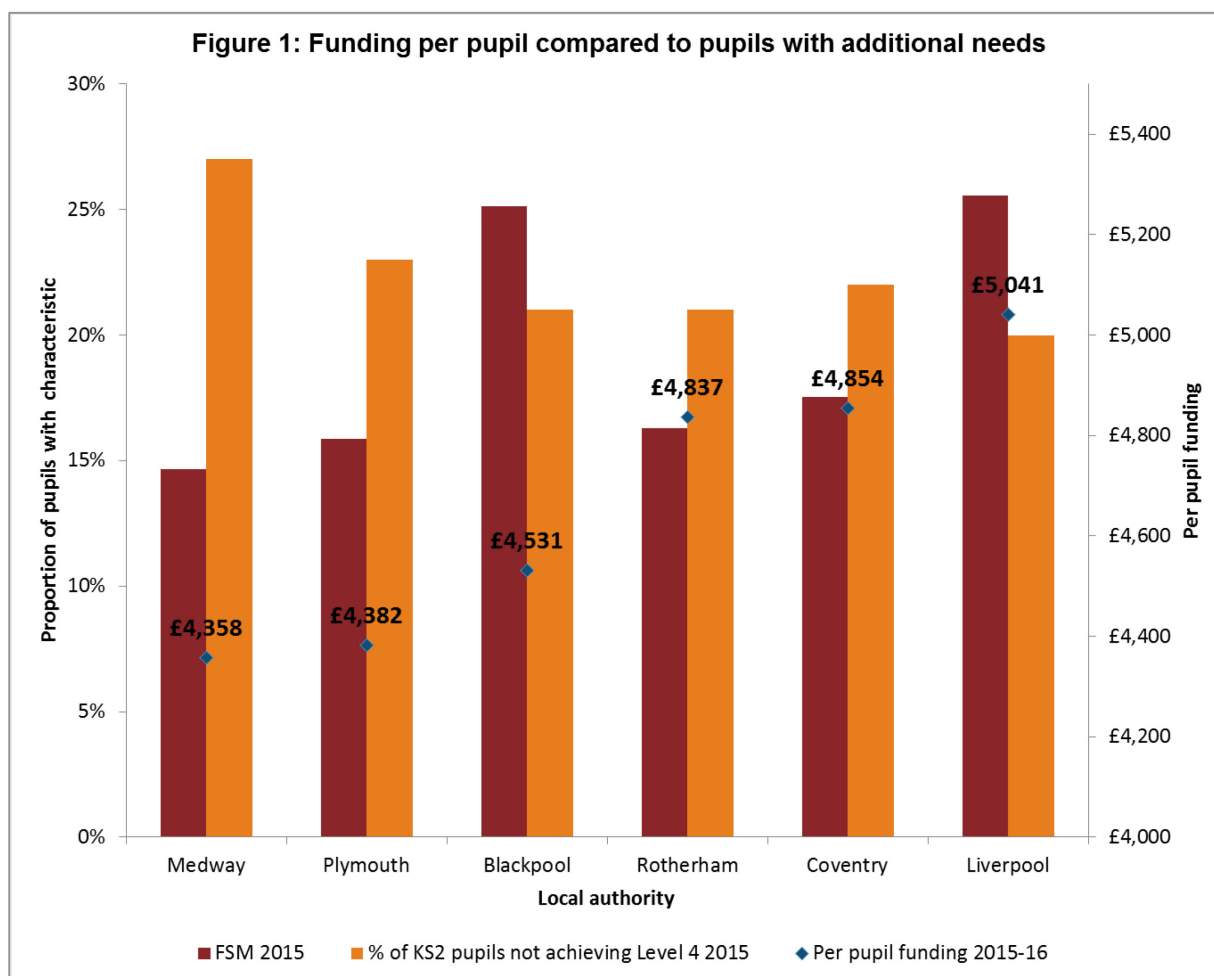
Should this funding go direct to schools linked to their pupil numbers? Absolutely, yes, it should. There is no reason for the local authority to act as a ‘staging post’ which skews the budget allocation.”

**Kathryn James, Deputy General Secretary of the National Association of Head Teachers**

7. In the last 10 years, governments have increased funding for schools, high needs and early years in a number of ways – specific grants, general uplifts, and to reflect demographic growth. In 2011 the pupil premium was introduced to provide extra, targeted funding for pupils from disadvantaged backgrounds. For the 2015-16 financial year, the previous government decided to top up the funding of the 69 authorities least fairly funded on their schools block by introducing minimum funding levels. This added £390 million to the funding for these authorities, in the biggest step forward in fairer funding for a decade. It represented a good start towards fair funding, but there remains much more to be done to make the system truly fair.

8. With the exception of the minimum funding levels uplift in 2015-16, funding allocations are based on data which is over a decade out of date. In that decade many things have changed, and consequently local authorities with similar characteristics receive very different levels of funding.

9. Figure 1 illustrates that there are authorities with higher proportions of pupils with additional needs that are funded below some authorities with lower numbers of pupils with additional needs. It shows for 6 local authorities the per-pupil funding in 2015-16 compared with the proportion of pupils eligible for free school meals and the proportion of pupils not achieving level 4 in reading, writing and maths at key stage 2.



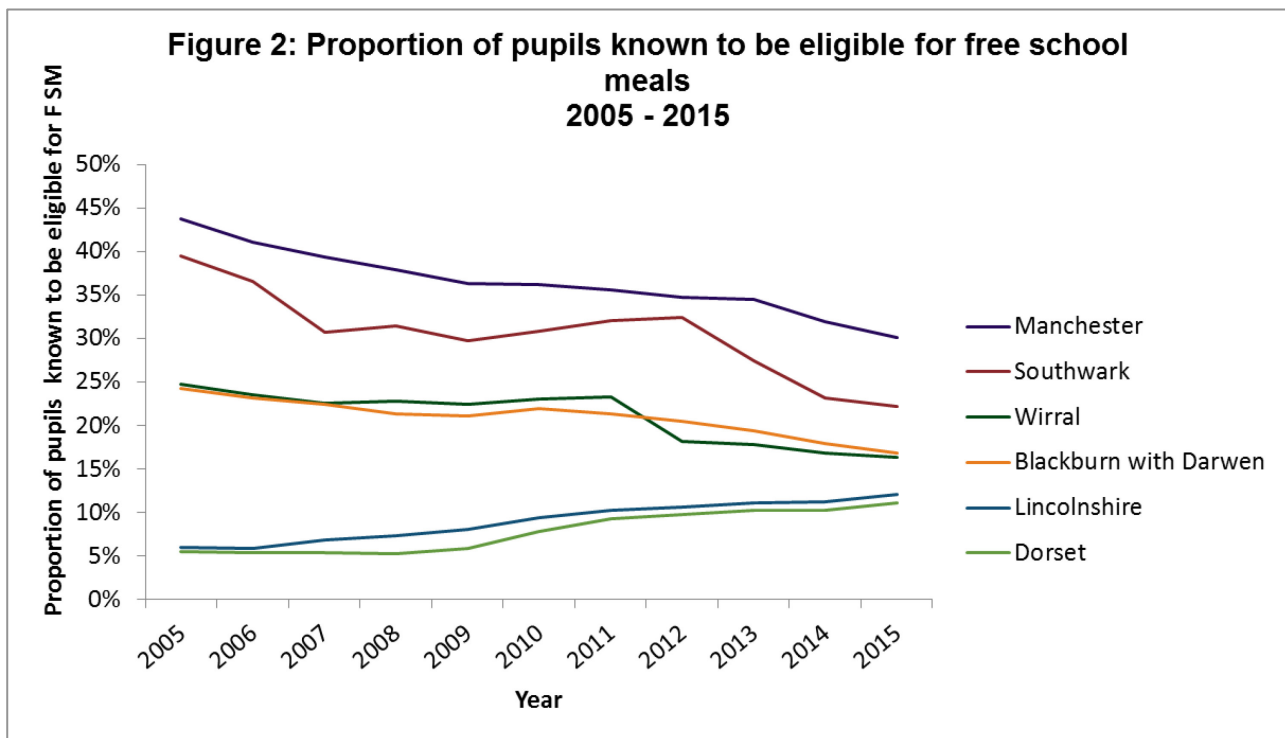
**Figure 1: Funding per pupil compared to pupil characteristics in 6 local authorities**  
**Current per-pupil levels of funding do not reflect pupils' characteristics.**

Source: Department for Education, '[Dedicated schools grant \(DSG\) 2015 to 2016: Updated February 2016](#)', – 2015-16 summary table, February 2016 ; '[Local authority and regional tables:SFR47/2015](#)'- Table 23, December 2015; '[Local authority and regional tables: SFR16/2015](#)'- Tables 8a and 8b, July 2015

10. For example, Medway receives over £650 less per pupil than Liverpool despite having a significantly higher proportion of pupils not achieving level 4 in reading, writing

and maths at key stage 2<sup>3</sup>. Similarly, Rotherham and Plymouth have comparable proportions of pupils eligible for free school meals (FSM), yet Rotherham receives nearly £500 more per pupil<sup>4</sup>.

11. Figure 2 shows that in the last 10 years, the proportion of pupils eligible for FSM in Lincolnshire and Dorset has more than doubled. In Southwark, the FSM rate has nearly halved. Outside London, the FSM rate in Wirral, Manchester and Blackburn have all fallen by around a third in the previous decade<sup>5</sup>.



**Figure 2: Proportion of pupils eligible for free school meals in 6 local authorities since 2005** FSM eligibility has not been static over the previous decade, falling in some local authorities and increasing in others. The needs of pupils today therefore do not reflect those of 10 years ago.

Source: Department for Education. Details of the sources used can be found in the reference list.

12. Whilst it is right for Southwark to receive a higher unit of funding than Lincolnshire, in recognition of the greater levels of deprivation and costs in inner London, figure 3

<sup>3</sup> Education Funding Agency, '[Local authority funding proforma data 2015 to 2016](#)', March 2015; Department for Education, '[Local authority and regional tables: SFR47/2015](#)' - Table 23, December 2015

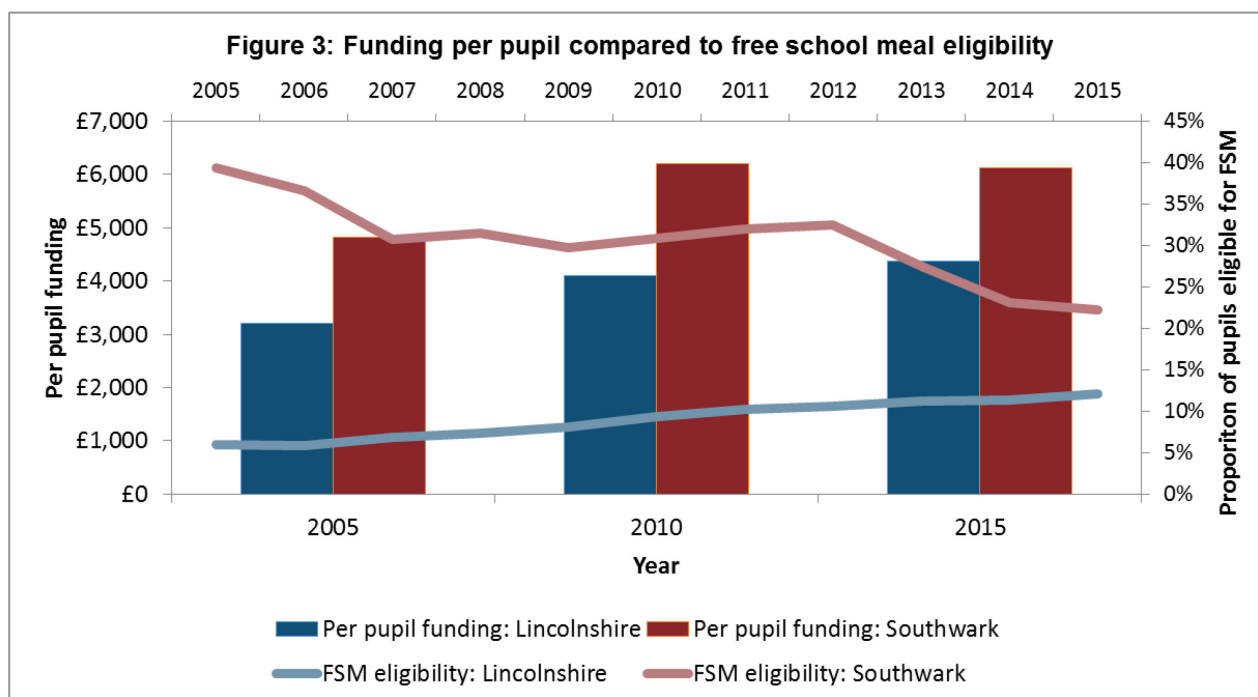
<sup>4</sup> See footnote 3

<sup>5</sup> DfE, '[Schools, pupils and their characteristics](#)', 2005-2010, May 2010 ; '[Schools, pupils and their characteristics](#)', 2011-2015, June 2015

A full list of the sources used can be found under Figure 2 in the reference list.



shows that the funding system has not matched the demographic changes in these areas.



**Figure 3: Per-pupil funding in Lincolnshire and Southwark compared to the proportion of pupils eligible for free school meals**

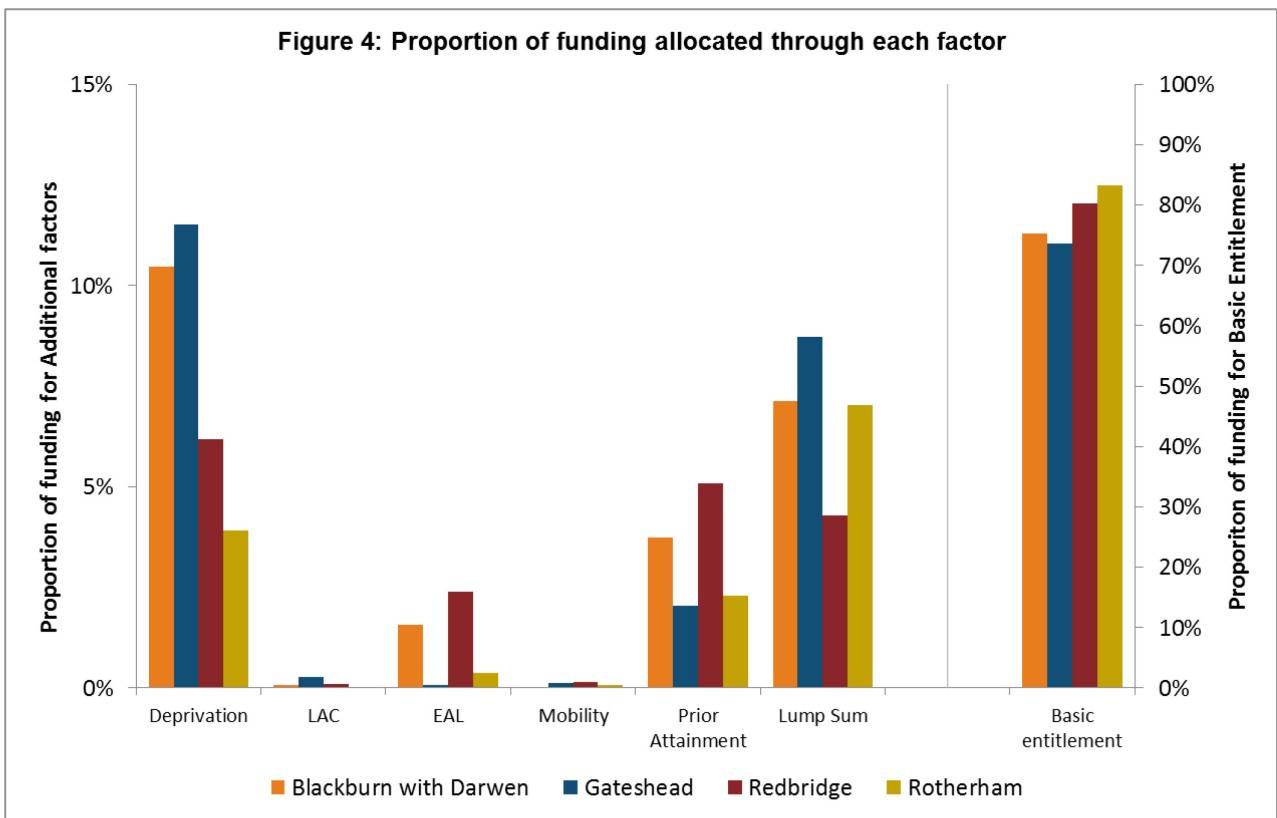
**The changes in per-pupil funding do not reflect that the proportion of pupils eligible for FSM in Lincolnshire has increased over the previous decade, whilst it has decreased in Southwark.**

Source: Department for Education. Details of the sources used can be found in the reference list.

13. A fair funding system does not mean all areas or schools getting the same amount. A fair system will recognise that funding depends on need, and so those schools and areas with the highest need should attract the most funding. It will also recognise the higher running costs for schools in some areas. But current variations in funding between local areas do not match the variation in need.

14. This unfairness is often made worse at school level because local authorities use different formulae to distribute funding locally, and can make very different decisions. So, for example, a secondary pupil with low prior attainment would attract £2,248 of additional funding in Birmingham, compared with £36 in Darlington. In 3 local authorities (Barnet, Central Bedfordshire and Northamptonshire), these pupils would not attract any additional funding<sup>6</sup>. Figure 4 illustrates the variation in different funding formulae across the country. In 4 authorities with similar levels of disadvantage and low prior attainment, the amount of funding allocated through these factors varies considerably.

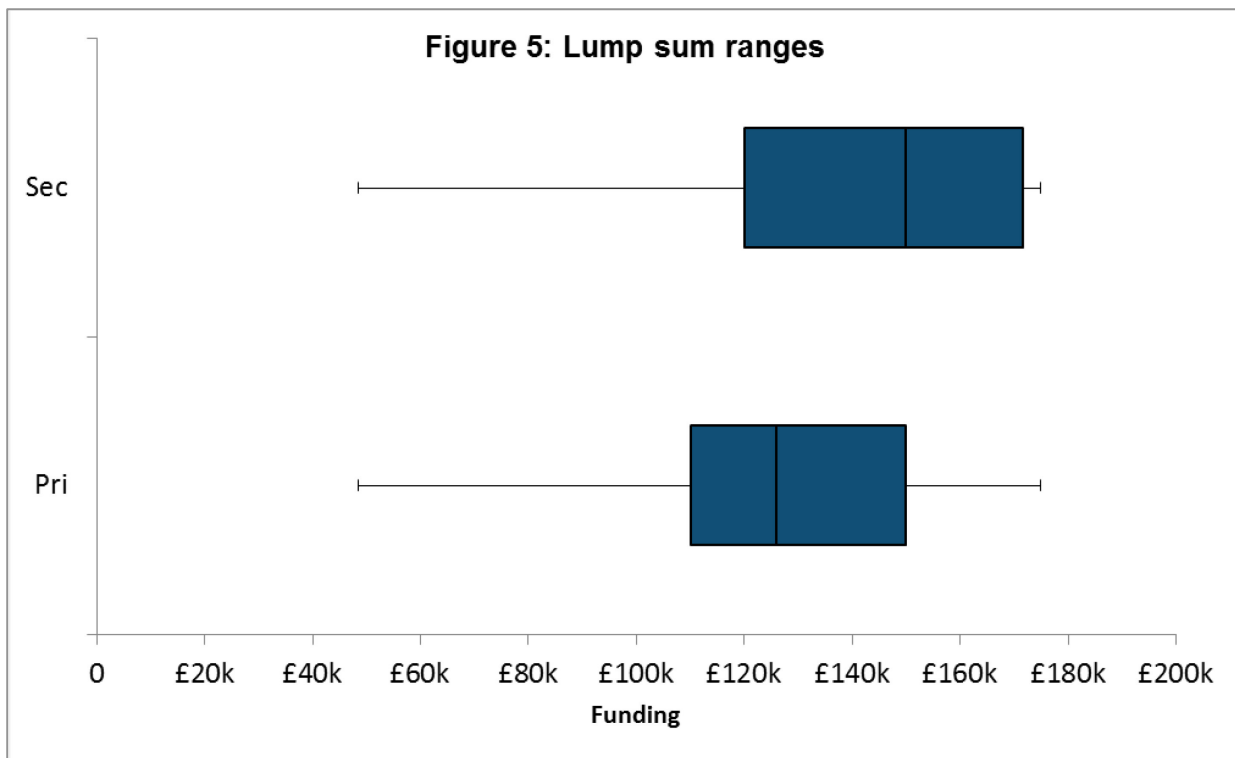
<sup>6</sup> EFA, '[Local authority funding proforma data 2015 to 2016](#)'



**Figure 4: Proportion of funding a sample of local authorities, with comparable levels of disadvantage and low prior attainment, allocated through different factors in 2015-16**  
**The large range in funding allocated for each factor indicates there is no national consistency in schools funding: different characteristics attract different levels of funding across the country.**

Source: Education Funding Agency, [‘Local authority funding proforma data 2015 to 2016’](#), March 2015

15. Even on core elements of schools funding, there is a very wide range of practice amongst local authorities. As an example, figure 5 shows the range of values authorities attach to the lump sum factor – the funding that reflects the core costs of running any school – for primary and secondary schools. Primary schools receive anything from £48,480 to £175,000. The range in the middle 50% of authorities is still large: £40,000. It is a similar story for secondary schools.



**Figure 5: Quartile ranges of local authority lump sum values in 2015-16**  
**The large range of values indicates that there is no consistent application of lump sum funding.**

Source: Education Funding Agency, [‘Local authority proforma data 2015 to 2016’](#), March 2015

16. Up to now, a degree of local discretion has been valuable and rational. Whilst local authorities are playing a key role in running the schools in their area, and indeed are accountable for many of them, it is right that they are able to reflect local circumstances and priorities. However, the degree of variation is well beyond anything that could be justified on the basis of differing local need. At the same time, local decision-making itself is increasingly out of date as more schools become academies, independent of local authority management and often operating in chains that cut across multiple local authority boundaries and regions. As we move towards an increasingly academised system, it makes sense for funding to be allocated on an increasingly consistent basis for all schools across the country.

17. Taking all of this together, it is hardly surprising that it is currently so difficult to understand why an individual school receives the amount it does. The examples below show the impact on 2 typical classes of 30<sup>7</sup>.

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<sup>7</sup> Other costs (pension and national insurance costs) have been taken into consideration.

EFA, [‘Local authority funding proforma data 2015 to 2016’](#); DfE, [‘Main tables: SFR21/2015’](#)- Table 7a, July 2015; Nick Gibb MP, [‘Classroom Assistants: Pay: Written question – 856’](#), June 2015

A primary school class has 30 pupils:

- 5 have English as an additional language
- 1 is looked after
- 10 receive free school meals

In Cornwall, this class would receive **£93,390**, but in Liverpool it would receive **£107,471** - over **£14,000 more**.

Across a whole primary school of 420 pupils this would mean the school in Cornwall would be able to employ 4 fewer teachers, or 10 fewer teaching assistants than the school in Liverpool.

A primary school class has 30 pupils:

- 6 have English as an additional language
- 3 have low prior attainment
- 5 receive free school meals

In Derby, this class would receive **£86,394**, but in Southend-on-Sea it would receive **£101,506** - over **£15,000 more**.

Across a whole primary school of 420 pupils this would mean the school in Derby would be able to employ 4 fewer teachers, or 11 fewer teaching assistants than the school in Southend-on-Sea.

18. Of course, many schools do an excellent job despite getting a low level of funding. York is one of the lowest funded authorities in the country; nonetheless 87% of its primary and 89% of its secondary schools are good or outstanding – above the national average<sup>8</sup>. But we recognise that they are doing an excellent job despite the funding system, not because of it.

19. At the same time, the current system also does little to incentivise efficiency. At present, some schools and areas are under-funded relative to others and therefore find it harder to respond to cost pressures and find efficiencies. Allocating funding fairly around the country - getting funding to those areas and schools that are most under-funded at the moment and gradually reducing the funding of schools that have been generously funded to date - would make it easier for schools collectively to be more efficient. The very fact of greater consistency of funding across the sector would also make it easier for headteachers to identify where money can be saved by making comparisons with other schools.

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<sup>8</sup> Office for Standards in Education, Children's Services and Skills, Regional data as at 31 August 2015, [Data view: compare local authority areas](#)

20. There is also a problem with the current distribution of high needs funding to local authorities, and the fact that local authorities with similar characteristics are spending very different amounts. Although a degree of local variation is to be expected when assessment of need is carried out locally, some low funded local authorities have argued persuasively that the distribution of high needs funding does not support them to secure good quality special educational provision in schools, early years providers, colleges and other institutions that meets the needs of children and young people. We are also concerned that others may be spending more than is needed to achieve good outcomes. Addressing this unfairness is our priority.

21. To help us decide how to tackle these high needs spending differences and what other changes should be considered, we commissioned research from Isos Partnership, and also issued a wider call for evidence. The report of the research, and summary of evidence gathered were published in July 2015<sup>9</sup>.

22. The research and analysis carried out by Isos showed that the current funding distribution between local authorities, which is based on what local authorities were spending in 2012-13, does not reflect need. In their report Isos proposed ways in which the current distribution of high needs funding could be improved, and in particular how a formula distribution – using a range of relevant factors – would be objective, easier to explain and understand, and would better match need than the current distribution. We have carefully considered the Isos research and concluded that the current funding distribution is not fair to children and young people with high needs across the country, because it directs money to the local authorities with the highest spending, not the highest needs. And we agree with the basic proposition that a formulaic method of distribution would be better.

23. There is an overwhelming case for reform of the funding system. The rest of this document summarises the first stage of consultation on the government's proposals to make funding fair, which are set out in more detail in the schools national funding formula and high needs funding formula and other reforms consultation documents.

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<sup>9</sup> Isos Partnership, [‘Research on funding for young people with special educational needs: Research report’](#); DfE, [‘Funding for children and young people with SEND’](#), July 2015

## What we are trying to achieve

24. Our proposals are based on a core set of principles for the future funding system. For schools, these point towards an objective, evidence-based, pupil-led funding system, with a funding formula that applies equally to all schools on the basis of indicators of costs that can be easily recognised and understood by parents, teachers, schools and local authorities. The factors used to calculate budgets should reflect the things that increase costs for schools and make use of evidence about attainment gaps to ensure that pupils are funded to meet their potential. We should make effective use of proxy measures for additional needs in order to increase funding to schools so that they can better support pupils who are likely to face additional barriers in reaching their full potential.

### Principles for a reformed funding system

We are seeking to create a funding system for schools and high needs that:

- **Supports opportunity.** Fundamentally the funding system should support schools and local authorities to extend opportunity to all pupils to achieve their potential
- **Is fair.** It should allocate funding to schools and local authorities on the basis of objective measures of the needs and characteristics of their pupils
- **Is efficient.** It should support efficiency within schools and local authorities, and across the system as a whole
- **Gets funding straight to schools.** It should maximise the resources available for teaching and learning and enable headteachers and local authorities to achieve value for money
- **Is transparent.** It should be easily understood and justified
- **Is simple.** It should rationalise funding streams as far as possible
- **Is predictable.** It should ensure schools and local authorities can manage and plan for year on year changes

25. For high needs funding, we recognise that local authorities are rightly focusing on the implementation of the new arrangements under the Children and Families Act. These changes offer the opportunity of developing new partnerships and new ways of providing support so we can achieve our vision for children and young people with special educational needs (SEN) and disabilities, enabling them to achieve their full potential. The changes to the funding arrangements proposed in this consultation are intended to support these SEN and disability reforms, bringing more equity of access to resources for children and young people with similar needs wherever they live, encouraging best practice and making sure that the available funds are spent in a way that achieves the best outcomes for children and young people.

26. We need to make sure that pupils and students with high needs who are settled in schools and other provision do not have their education disrupted because local authorities have to act too quickly. Authorities should have time to reshape provision for those with high needs coming into the system to achieve better outcomes at reduced cost. We will be providing access to capital funding so that, where there is a need for new special needs places, local authorities can “invest-to-save”. And where whole new special schools are needed, we will establish free schools.

27. In this new system schools and local authorities will be able to track their budget back to the national funding formula and understand how they are funded in relation to other schools and authorities.

28. The objectives above have led us to propose a series of reforms for consultation, in order to make funding fair.

Schools proposals	High needs proposals
<ul style="list-style-type: none"> <li>• To introduce a national funding formula for schools from 2017-18. Funding would be allocated to local authorities to distribute for the first 2 years, and then allocated directly to schools from 2019-20</li> <li>• To use 4 building blocks for the formula: per pupil costs; additional needs costs; school costs; and geographic costs</li> <li>• To allocate funding for premises factors, growth and business rates to local authorities in 2017-18 and 2018-19 on the basis of historic spend, for them to distribute at local level</li> <li>• To ensure stability by retaining the ‘minimum funding guarantee’</li> <li>• To provide practical help for schools, including through an ‘invest to save’ fund</li> <li>• To create a new ‘central schools block’ to fund the ongoing duties local authorities hold for both maintained schools and academies</li> </ul>	<ul style="list-style-type: none"> <li>• To introduce a national funding formula for high needs from 2017-18</li> <li>• To use factors in the formula including population; health; disability; low attainment; and deprivation</li> <li>• To continue to allocate funding to local authorities for high needs, but on a formula basis</li> <li>• To ensure stability by retaining a significant element of funding based on what local authorities are currently spending, and capping the gains and losses of local authorities each year</li> <li>• To provide financial and practical help to authorities to assist them in reshaping their provision, including capital funding for new specialist places and new special free schools</li> </ul>

## Reforming the school funding system

29. We are proposing some changes to the structure of the funding system:
- To introduce a school-level ('hard') national funding formula from 2019-20, significantly reducing the role of local authorities, and a local authority level ('soft') formula in 2017-18 and 2018-19
  - To require authorities, in 2017-18 and 2018-19, to pass on all of their schools block funding to schools
  - To create a fourth block of the dedicated schools grant (DSG) – the central schools block.
30. The pupil premium and the service premium will continue to operate through the separate pupil premium grant, unaffected by the proposals in this consultation. We are consulting on a proposal to increase the pupil premium plus rates instead of including a looked-after children factor in the national funding formula for schools<sup>10</sup>.

### A hard national funding formula

31. To meet our objectives and to reflect an increasingly academised system, we are proposing – over time – to move to a system in which a pupil would attract the same amount of funding to his or her school no matter where they are in the country. This requires a school-level (hard) national formula, in which the values that each pupil attracts to their school are determined nationally, with a much reduced role for local authorities in distributing funds.

32. A system that removes this local variation would be easily explainable to headteachers, teachers and parents, would be totally transparent and would allow school leaders to plan their budgets years in advance, enabling them to achieve greater efficiency. Most importantly, it would be fair for all parents and pupils – wherever they happen to live – and would end the current postcode lottery. Ultimately, there is little reason for the amount that a deprived pupil attracts to their school to be different in Sheffield, Stockport or Somerset.

However, we recognise the significant change a hard formula represents and the large role that many authorities still play for schools in their area. We are therefore proposing that local authorities would continue to set a local formula in 2017-18 and 2018-19, as we phase this school-level system in over time to reflect the increasing number of academies (the funding for local authorities would still be based on a national formula during this

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<sup>10</sup> Further information on the proposals affecting the pupil premium plus can be found in the schools national funding formula consultation.



period, so we call this a soft formula). We will use this transitional phase to look closely at how local formulae have responded to the introduction of the national funding formula, and to consider further how best the national funding formula can distribute funding for factors that are more difficult to allocate on a formulaic basis.

## **The schools national funding formula**

33. We are proposing 4 building blocks for the schools formula, using factors to reflect: per-pupil costs; additional needs costs (where we use pupil characteristics data to increase funding to schools that are likely to have pupils who face additional barriers in reaching their full potential); school costs; and a geographic adjustment.

### **A – Per pupil costs**

34. Schools are responsible for supporting every pupil to reach their potential, regardless of their location or background. We think it is essential that schools know they will get a basic amount of funding for each pupil in their school. In the current funding system, the biggest factor in local funding formulae is ‘basic entitlement funding’, which accounted for 76% of schools’ budgets in 2015-16<sup>11</sup>. We propose the first building block of our schools national funding formula should be a basic unit of funding that we would give every school for every pupil. We think that this basic per-pupil funding should be weighted by pupils’ ages to reflect increasing costs as pupils move from primary through secondary.

### **B – Additional needs costs**

35. We propose that the national funding formula would also use additional needs to increase funding for schools so that they can better support pupils who face additional barriers in reaching their full potential. We plan to use 3 additional needs factors: deprivation, low prior attainment and English as an additional language. These factors would be used to determine schools’ core funding, but we will not dictate how this funding is used. School leaders will remain responsible for deciding how to use their budget to support every pupil: the inclusion of these factors in the formula would not mean that we expect schools to spend in a specific way for specific pupils.

36. The pupil premium will remain as a separate grant for the duration of this parliament in order to maintain a clear focus on its original purpose – raising the attainment of disadvantaged pupils.

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<sup>11</sup> EFA, [‘2015 to 2016 funding for schools and academies at provider level’](#)

## C – School costs

37. The next building block of the formula reflects costs associated with premises and overheads, rather than pupils' characteristics. Having certainty over a level of funding that will not vary with pupil numbers is particularly important for small schools, where the lump sum currently makes up a more significant proportion of their overall funding. Under the national funding formula, we are proposing that every school's funding should include a lump sum. We remain firmly of the view that the majority of school funding should be driven by pupil numbers and characteristics, but we are mindful of the challenges faced by small schools, and so we are consulting on the size of lump sum funding that should be included in the national funding formula. We intend to include a sparsity factor to increase funding to small schools without which pupils would have to travel long distances to their next nearest appropriate school.

38. There are a number of elements of school funding that cannot be easily allocated on a formulaic basis, because they depend on specific information about a school: business rates, premises factors (split sites, private finance initiative costs and other exceptional premises costs) and funding for pupil growth that is not recognised by the lagged funding system. We intend to allocate funding for these factors to local authorities on the basis of historic spend in 2017-18 and 2018-19. Through this consultation we would like to explore whether this funding could be distributed on a formulaic basis from 2019-20.

## D – Geographic costs

39. Schools' costs are affected by their geographical location. Schools spend over 80% of their budgets on staffing, and about twice as much on teaching staff as on non-teaching staff<sup>12</sup>. Published data<sup>13</sup> shows the variation in teacher salaries across the country – although the historically unfair distribution of funding to schools has, in part, driven these differences. The Department for Communities and Local Government also publishes data on General Labour Market<sup>14</sup> variation, assessing the impact of geography on costs. The national funding formula would recognise variation in geographical costs by applying an area cost adjustment to schools' funding.

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<sup>12</sup> DfE, '[Main tables: SR48/2015](#)'- Tables 1 and 3, December 2015 ; '[Main tables: SFR 24/2014](#)'- Tables Raw Data SATs and Raw Data MATs, October 2014

<sup>13</sup> DfE, '[Main text: SFR21/2015](#)'- Table 2b, July 2015

<sup>14</sup> Department for Communities and Local Government, '[Technical Guide to the ACA](#)', 2013

## Transition to a reformed funding system

40. Our proposal to introduce a national funding formula is a clear departure from the current system, and so we have carefully considered our objective for predictability. It will be important to manage the transition to this new system carefully and give schools and local authorities adequate time to adjust to new funding levels, and to accommodate changes in responsibilities and accountability.

41. As set out above, we are proposing to implement a hard national funding formula from 2019-20, and a soft formula in 2017-18 and 2018-19. Chapter 3 of the schools national funding formula consultation document sets out how local authorities' and schools' funding would be calculated during this transition period.

## Local authority funding

42. An important part of the transition arrangements will be to ensure that we reflect how local authorities have chosen to spend their money up to now. To do this, we will use as our starting point for the new formulae allocations the pattern of what local authorities are actually spending on schools, early years, high needs and central services, rather than the pattern in which the Government funds them, which is very often different.

43. We will shortly carry out an exercise to 're-baseline' the 4 blocks of the DSG for each local authority so that each block aligns with the pattern of each authority's spending in 2016-17, rather than how the Government allocated the funding to them. For example, if an authority chooses to put funding from its allocated high needs block into its schools block in 2016-17 to pay for high needs provision in mainstream schools, then we will use that spending pattern as the baseline against which we calculate the schools and high needs funding allocations, through the formulae, for 2017-18.

44. The amount that each local authority would receive in 2017-18 would be an aggregate of the notional funding of all the schools in their area once the national minimum funding guarantee and cap on gains have been applied, plus funding for growth, premises and the other factors described in [paragraph 38](#).

## School funding

45. We are proposing largely to retain the current system for setting the local formula during 2017-18 and 2018-19, so authorities will be able to use the same formula factors

as now<sup>15</sup>, even if we do not use them in the national funding formula. However there are 2 changes we are proposing to make.

46. As we introduce national funding formulae across schools and high needs, funding for each will be better matched to need. We are therefore proposing to require local authorities to pass on all of their schools block funding to schools. They would no longer be able to transfer funding to early years or high needs, and they would not be able to transfer to the new central schools block. The reasons for this are set out in more detail in chapter 3 of the schools national funding formula consultation document.

47. Because there will be a slightly reduced timetable for local authorities to set their local formula in 2017-18 ([see paragraphs 66-67 below on timetable](#)), and because some authorities that are losing funding would have less flexibility over their budget, we are also considering the option to allow some local flexibility on the minimum funding guarantee and cap on gains at a local level. Further detail is set out in chapter 3 of the schools national funding formula consultation document.

### **Phasing in gains and losses over time**

48. We will keep the minimum funding guarantee for schools – so that schools are guaranteed not to lose more than a certain percentage of their per-pupil budget every year.

49. In order to distribute the gains from the formula, we are minded to introduce a simple cap at the maximum that we can afford each year.

### **Support for school efficiency**

50. We will also provide practical help to secure efficiency gains and ensure a manageable transition for schools.

51. Support for schools to manage pressures on their budgets by becoming more efficient and financially healthy already includes being able to draw on some excellent practice in schools, and a wide range of training and tools offered by organisations in the sector. In a school-led system we believe this peer to peer and other expert support within the sector is crucial for performance improvement.

52. Working with the sector, we are providing further support and guidance for schools. A new collection on GOV.UK has brought together financial health and efficiency information in one place for schools to access<sup>16</sup>.

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<sup>15</sup> With the exception of the sixth form factor.

<sup>16</sup> DfE and EFA, [‘Schools financial health and efficiency’](#), February 2016

53. This website also links to other useful sites, for example Teaching Schools offering financial health advice and support.

54. In the run up to the introduction of the national funding formula, we will continue to support schools to become financially healthier and more efficient. This will include better signposting of the support available in the sector; the launch of a procurement strategy to help schools achieve savings in their procurement spend; and building capability within individual schools, including training for school leaders and governors and sharing best practice.

55. We will also launch an 'invest to save fund' in 2016-17, to allow schools to invest in ways to save money in future, helping them manage the transition to the national formula. Schools will be free to decide how best to use this money: this might include financial, legal and HR advice, the cost of re-training teachers to cover new areas of expertise, or in extreme cases, the cost of restructuring a school's workforce.

## **Funding that will remain with local authorities**

56. Local authorities will continue to be funded for their ongoing duties for both maintained schools and academies. We propose that funding for these responsibilities be provided to local authorities through the new central schools block of the DSG, which would bring together DSG funding currently held centrally by local authorities and the retained duties element of the education services grant. This funding would be distributed according to a simple per-pupil formula. The central schools block would include funding for admissions, asset management, pupil welfare and statutory and regulatory duties.

57. However the vast bulk of schools funding would be allocated through the national funding formula.

## **High needs national funding formula**

58. There is a clear case for reforming the distribution of high needs funding to local areas so that it is on a more consistent and equitable basis. Local authorities will continue to have important duties and responsibilities for children and young people with SEN and disabilities, and they need to be able to exercise discretion in discharging those. In this context, we are proposing a formula to distribute funding for high needs at a local authority level. It would continue to be for authorities to decide on the pattern of provision in their area, consistent with their statutory responsibilities. We are also taking the opportunity to respond to a number of proposals for improvements to the current high needs funding arrangements that were included in the report from Isos Partnership, following the research that we commissioned last year.

59. Our proposal for a high needs formula draws from that research, and the analysis that Isos Partnership carried out. They looked at a range of measures that indicated what local authorities needed, for their pupils with statutory education, health and care plans and special educational needs that were recognised in other ways. They then looked at a wide range of factors (a shortlist of 24 from a much longer list) that could be used in a formula, focusing on proxy indicators that related to health, disability, attainment, educational development and deprivation. Their analysis resulted in a proposal that a small number of factors relating to health, disability, low attainment and deprivation could be used in a formula distribution that correlated much more closely to the measures of need than the current distribution.

60. We have built on their proposal, and are now consulting on formula factors including a population element, reflecting that in any population cohort there will be a small percentage of children and young people with high needs. Proportions of the overall funding would flow through the health and disability factors that Isos Partnership proposed. As a large proportion of children with high needs do not achieve the level of attainment of their peers, we are also proposing to include indicators of low attainment for each local authority. And because there is a correlation between levels of deprivation and high needs we are proposing to reflect that in the formula as well. Finally there would be elements of the formula that reflect that local authorities are not only responsible for funding pupils resident in their area, but also provide the core funding for special schools in their area.

## **Transition to the high needs formula**

61. Our ambition to distribute high needs funding more fairly through a formula is tempered with the recognition that current levels of spending will not be easy to change without local authorities looking carefully at how they are meeting their statutory duties, and working out what they need to do differently to improve outcomes for children in a way that achieves better value for money. Authorities will need time and help to do this.

62. Our proposal is therefore that for at least the first 5 years the formula should contain a significant element of funding based on what each local authority is currently spending on high needs. This would not only allow time for local authorities to make the adjustments that are needed for the future, whilst protecting the special provision for those children and young people already settled in schools and colleges; but it will also allow the Department to undertake further research and evaluation before taking a decision on whether and how to progress further with formulaic distribution.

63. We would also protect authorities against large annual changes in their high needs funding. In addition, we are proposing help, including capital funding, to assist local authorities in making the changes necessary to reshape their provision in a way that maintains and improves the outcomes for those with SEN and disabilities.

64. We intend to provide practical help to local authorities, schools and other institutions providing special and alternative provision. Some of this will be in the form of extra guidance and examples of good practice, in particular responding to some of the proposals in the Isos research report.

65. We will be encouraging local authorities to work together in regional and sub-regional groups, where commissioning of specialist provision makes sense at that level. Increasingly local authorities will be seeking more efficient ways of operating by sharing expertise and some functions, and we will be providing examples of where such collaboration is working well in the high needs area.

## **Timetable for consultation and implementation**

66. This is the first of 2 planned consultations on schools and high needs funding. The consultation will close on 17 April. During March and April we will also be gathering information from local authorities on their 2016-17 baselines and their historic commitments. The government's response to the first stage consultation will then be published, followed by a second stage consultation. The second stage of the consultation will be the point at which we consult on the values attached to the formula factors and show the indicative impact on the funding of schools and local authorities.

67. We are aware that this timetable means that local authorities and schools forums will face some uncertainty about setting their local schools formula for 2017-18. However, we will ensure that authorities have confirmation of the operational guidance and their indicative allocations for 2017-18 in enough time to allow them to prepare their local formula and submit it to the EFA. Individual schools' funding will be confirmed to the same timetable as usual.



## Reference list

### Figure 1: Funding per pupil compared to pupil characteristics

DfE, '[Dedicated schools grant \(DSG\) 2015 to 2016: Updated February 2016](#)', – 2015-16 summary table, February 2016

DfE, '[Local authority and regional tables: SFR47/2015](#)'- Table 23, December 2015

DfE, '[Local authority and regional tables: SFR16/2015](#)'- Tables 8a and 8b, July 2015

### Figure 2: Proportion of pupils eligible for free school meals

DfE, '[Number of schools and pupils; number of pupils by age \(primary, secondary and all schools; school meal arrangements \(nursery, primary and secondary\)](#)'–Table 19 and 20, September 2005

DfE, '[Additional Local Authority level information including number of schools and pupils by type of school, pupils by age in maintained schools, school meal arrangements](#)'–Table 19 and 20, September 2006

DfE, '[Additional Local Authority level information including number of schools and pupils by type of school, pupils by age in maintained schools, school meal arrangements](#)' – Table 19 and 20, September 2007

DfE, '[Additional Local Authority Tables based upon FINAL 2008 data](#)'–Table B8 and B9, April 2008

DfE, '[Schools, Pupils and their Characteristics: January 2009](#)' – Table 11a and 11b, May 2009

DfE, '[Schools, Pupils and their Characteristics: January 2010](#)'– Table 11a and 11b, May 2010

DfE, '[Local authority tables: SFR12/2011](#)'– Table 11a and 11b, June 2011

DfE, '[Local authority tables: SFR10/2012](#)' – Table 8a and 8b, June 2012

DfE, '[Local authority and regional tables: SFR21/2013](#)' – Table 8a and 8b, July 2013

DfE, '[Local authority and regional tables: SFR15/2014](#)' – Table 8a and 8b, March 2015

DfE, '[Local authority and regional tables: SFR16/2015](#)'- Tables 8a and 8b, July 2015

### Figure 3: Funding per pupil compared to free school meal eligibility

DfE, '[Number of schools and pupils; number of pupils by age \(primary, secondary and all schools; school meal arrangements \(nursery, primary and secondary\)](#)' – Table 19 and 20, September 2005

DfE, '[Additional Local Authority level information including number of schools and pupils by type of school, pupils by age in maintained schools, school meal arrangements](#)' – Table 19 and 20, September 2006

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DfE, '[Schools, Pupils and their Characteristics: January 2009](#)' – Table 11a and 11b, May 2009

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DfE, '[Local authority and regional tables: SFR21/2013](#)' – Table 8a and 8b, July 2013

DfE, '[Local authority and regional tables: SFR15/2014](#)' – Table 8a and 8b, March 2015

DfE, '[Local authority and regional tables: SFR16/2015](#)' – Tables 8a and 8b, July 2015

DfE, '[Summary of local authorities final DSG allocation for 2006-07 and 2007-08](#)' – summary 2006-7 table, March 2011

DfE, '[Dedicated Schools Grant: Final 2010-11 Allocations](#)', – 2010-11 DSG summary table, June 2011

DfE, '[Dedicated schools grant \(DSG\) 2015 to 2016: Updated February 2016](#)', – 2015-16 summary table, February 2016

### Figure 4: Proportion of funding allocated through each factor

EFA, '[Local authority proforma data 2015 to 2016](#)', March 2015,

# Figure 5: Lump sum ranges

EFA, [Local authority proforma data 2015 to 2016](#), March 2015,



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## National Funding Formula DfE 1<sup>st</sup> Stage Consultation – General Briefing Note

Version 2 (10 March)

1. The consultation published on 7 March is only the 1<sup>st</sup> of 2 stages. The 2<sup>nd</sup> stage is expected in May. This 1<sup>st</sup> stage is a consultation on principles and ‘building blocks’. The DfE indicates that the 2<sup>nd</sup> stage will present figures. It is still not possible to calculate the impact of a National Funding Formula (NFF); to confirm any change in the totality of funding for the Bradford District or in the distribution of funding between phases or types of schools and academies.
2. The consultation document however, is very clear about the reduced role of local decision making and the Local Authority going forward, not just in managing school funding arrangements for primary and secondary schools, but more widely in a reduction of its statutory functions, with a further reduced level of funding (DSG and Education Services Grant funding) in response to this from April 2017. The consultation asks relatively open questions about what functions local authorities should cease (and therefore, what funding can be removed). The consultation suggests that Authority’s role will be reduced to 3 functions: places sufficiency, vulnerable children and acting as a champion for parents and families. Funding not allocated for these will be removed, over time. This direction of travel (expected at some speed) will have an impact on the budget of the Local Authority from April 2017, as will the expected significant number of schools converting to academy status over the same time period.
3. The role of the Schools Forum inevitably (at the very least) will be much reduced, although the Forum will continue its current role until the end of the 2018/19 financial year. The consultation does not commit on what the status of Schools Forums will be after April 2019, saying that this will be reviewed.
4. The DfE proposes to introduce **a school-level** National Funding Formula (NFF) for primary and secondary schools and academies **at April 2019** under transitional protection arrangements, which are to be more precisely determined (a Minimum Funding Guarantee for individual schools and academies funded by a cap; with a couple of possible capping options).
  - 4.1. A ‘hard’ formula meaning no local intervention in the calculation of funding allocations for primary and secondary schools and academies, with budgets being allocated ‘directly’ by the EFA. No local contingencies (e.g. exceptional or schools causing concern funding), little in the way of local centrally managed funds, no local determined growth fund for expanding schools, no de-delegation.
  - 4.2. A formula constructed of: (the devil will be in the detail of how these factors are used and how funding is weighted between them – to be outlined in the 2<sup>nd</sup> stage consultation):
    - 4.2.1. A flat amount per pupil weighted by age (Primary, Key Stage 3, Key Stage 4).
    - 4.2.2. AEN funding calculated on x4 proxy measures a) FSM, using both the Ever 6 and the current FSM % (FSM will be the primary deprivation measure), b) IDACI, c) EAL3 and d) Low prior attainment (EYFSP for now and Key Stage 2). The consultation asks open questions about the use of these factors / use of more than 1 deprivation measure.
    - 4.2.3. School costs: a lump sum (no commitment yet on value) with a sparsity factor; premises costs, including BSF, rates and split sites (there is no formula solution for premises costs yet; to be worked on over the next 2 years); growth funding (again no further formula solution yet developed).
    - 4.2.4. Area cost adjustment (a choice between the hybrid and the general labour market calculations).
  - 4.3. The proposed NFF does not include a mobility factor, nor a LAC factor.
  - 4.4. The proposed NFF removes the calculation of a ‘notional SEN’ budget, proposing to replace this with ‘tools and guidance’.

5. The NFF proposals **do not** introduce a provider-level national formula for HNB funded providers. Local authorities will continue to have responsibility for the management / formula funding of High Needs Block (HNB) provisions after April 2019. The distribution of HNB local authority level funding is to be formularised using proxy measures, with an expected extended timescale of transition to new funding levels. **In the first 5 years at least, it is proposed that current spending will more dictate levels of HNB funding for each local authority than the new formula.** There are some more technical proposals for HNB funding arrangements (which are still being worked through and much detail still to be announced). The DfE understands that local authorities may need to re-shape their HNB provisions (including developing more places) and proposes to **make monies available during the transition period 2017-2019, including capital monies, to enable authorities to do this.**
  - 5.1. The proposed HNB formula and proxy measures are: a) low attainment (at KS2 and KS4), b) health and disability (area based measure – the no. of children in poor health and children in receipt of Disability Living Allowance, c) disadvantage (FSM and IDACI), d) child population aged 2-18 and e) a basic unit of funding for pupils in special schools (recorded in the January Censuses). There would also then be an adjustment to reflect the balance of the ‘import’ and ‘export’ of pupils between local authorities. There would also be an area cost adjustment.
  - 5.2. The 4 building blocks behind the calculation of HNB funding during the transition phase will be
    - 5.2.1. A basic unit of funding for pupils / students in special schools and academies and specialist post 16 providers (actual prior academic year occupancy January / ILR reports).
    - 5.2.2. A proportion of funding based on each local authority’s 2016/17 level of HNB spending – both SEND and Alternative Provision.
    - 5.2.3. A “remaining amount” allocated via the formula outlined in 5.1.
    - 5.2.4. A final Minimum Funding Guarantee, to ensure local authority allocation do not reduce by more than a set %.
  - 5.3. The DfE expects much closer collaboration between local authorities in funding arrangements and in commissioning provision. The DfE also expects that local authorities will consider the organisation of their alternative provisions and how these are funded.
  - 5.4. The DfE sees the importance of local authorities (and high needs providers) finding significant efficiencies in their HNB provisions, including collaborative arrangements, but also using reserves within the DSG to support initial pressures and transition and accessing the capital support, which will be made available to reshape and increase places.
  - 5.5. The DfE is considering options for the review of alternative provision, to “make AP more rigorous” and will publish plans on this. This may affect how the different kinds of AP are funded.
  - 5.6. No formula solution has been put forward yet for the funding of Education in Hospital provision (still based on current levels of spending).
  - 5.7. Continuation of the Place-Plus system; “not much change is planned” in this apart from some technical adjustments. Therefore, we assume the continuation of the basics; place funding set on an annual basis via a formal process, top up monthly re-calculation etc. A minor technical simplification of the place funding of resourced provisions attached to mainstream settings is proposed (how the first £4,000 element is calculated). It is also proposed to give independent schools the opportunity to move onto the Place-Plus framework and to adopt more common arrangements between pre and post 16 mechanisms. The details of which are to be included in the 2<sup>nd</sup> stage consultation.
  - 5.8. Local authorities will continue to be able to spend HNB resource outside the Place-Plus framework (e.g. devolving monies for specialist services) and to support inclusion.
6. Nothing is said yet on Early Years. Expected ‘parallel’ consultation later in the year (‘parallel’ is taken to mean the same general ‘hard’ formula construct as proposed for primary and secondary).

7. **Pupil Premium Grant will continue** for the lifetime of this Parliament, with a proposal to increase the value of funding for Pupil Premium Plus (as an alternative to having a LAC factor in the NFF). Nothing is said about other significant additional grants e.g. UIFSM, Devolved Formula Capital.
8. The DfE sets out the proposed transition as follows:
  - 8.1. During 2016/17, local authorities are expected to restructure themselves to align with new expectations and functions. This is especially focused on the reduced role of local authorities in school improvement, but also around ceasing / reshaping their delivery of other functions as an expected response to the further reductions in ESG funding that are to be applied from April 2017. There is an overt statement in the consultation document that local authorities should have exited from their 'delivery' of school improvement by the end of the 2016/17 academic year.
  - 8.2. The DfE also sees that a clear focus of schools and academies during the transition period will be responding to the efficiency agenda. The consultation includes a proposal for the establishment during 2016/17 of an 'invest to save' fund and transition support monies to be available at school and academy level.
  - 8.3. At April 2017 and then for 2017/18 and 2018/19:
    - 8.3.1. The DfE's current 3 Blocks (Schools Block, High Needs Block, Early Years Block) will remain, but a new 4<sup>th</sup> Block, the Central Schools Block, will be established. This Block will be made up of a) the centrally held elements of the DfE currently sitting within the Schools Block e.g. admissions, DfE matched funding to school improvement contribution and b) what is remaining of the Local Authority's allocation from the Education Services Grant, merged into the DfE.
    - 8.3.1.1. A re-basing exercise will take place shortly, for local authorities to tell the DfE how they are currently spending their DfE allocations by the 4 Blocks. This will then set a spending baseline on which future year transition, protections and ceilings will be calculated.
    - 8.3.1.2. The DfE is concerned about the continued high level of DfE historic central budget commitments still being funded (for us, this is our matched contribution to school improvement, which our Schools Forum has determined to cease at September 2017) and does not expect to continue to fund these unchallenged. An evidence collection exercise will take place shortly and funding for historic commitments will be allocated by the DfE only on a case by case time limited basis. As these commitments drop out the released funding will be recycled through the NFF.
    - 8.3.1.3. The funding of other DfE central budgets e.g. admissions will be moved to a simple per pupil formula, which may not correspond with actual current levels of spending. There is the potential for our DfE actually to gain from this formula, due to our generally lower level of centrally managed DfE spending (higher level of delegation historically). To be watched. It is expected however, with the reduction of local authorities to 3 functions that the rates of funding will reduce over time. There is not much detail in the consultation at the moment on all this and it is difficult to clearly see what is being proposed.
    - 8.3.1.4. In terms of ESG, the consultation proposes:
      - 8.3.1.4.1. Continuing the general rate of ESG at a further reduced value for April to August 2017 and then ceasing this funding at September 2017 for both local authorities and academies. However, the protected arrangements for academies will continue until 2020, when these will be fully 'unwound'. Local authorities will (new power) be permitted to de-delegate funding from maintained schools only to fund statutory duties that were previously funded by the ESG general rate, where this is agreed with the Schools Forum. This needs further detail and exploration.
      - 8.3.1.4.2. To continue to fund local authorities for the smaller 'retained duties' element but with the expectation that this funding will reduce / cease as the functions delivered by local authorities reduce / cease over the transition period (the removal of any funding not associated with the 3 key functions).

- 8.3.2. At April 2017, and for 2 years, the DfE will calculate notional allocations for individual primary and secondary schools and academies using the new NFF. These will be aggregated to provide the total value of Schools Block funding allocated to each authority, replacing the current Guaranteed Unit of Funding. This will change the distribution of funding between local authorities. There will be protections / ceilings to smooth transition (precise details to be determined; possible 2 types of ceiling). Bradford is likely to be a loser in the Schools Block, simply because of the way we currently spend a proportion of our high needs funding in our Schools Block where other local authorities do not. If the NFF reduces the weightings for AEN measures, then we are likely to see a greater reduction in Schools Block funding. We currently cannot determine the risk here (we need the detail of the 2<sup>nd</sup> stage consultation). There are some aspects of the proposed NFF in the transition period that are to be watched, including the proposal to fund growth, BSF and business rates on the basis of historic spending. This is a 'fudge' due to the lack of identified formula solution for these aspects. However, this approach may mean that we gain 'relatively vs. other authorities though not in real terms' because not all authorities have BSF or the size of growth funding that we have and we will be allocated NFF plus funding for our higher spend in these areas. However, if we need to spend at a higher level in growth funding in 2017/18 than we did in 2016/17 (as our growth begins in the secondary sector), this 'fudged' approach will not allocate to us sufficient funding and we will need to identify funds by either top slicing other factors of the Schools Block or potentially by reducing the level of our Minimum Funding Guarantee. To be further analysed.
- 8.3.3. For 2017/18 and 2018/19, each local authority / Schools Forum will continue to be able to set its own funding formula as now and there will not be significant change in the allowable factors i.e. if we wish to continue to calculate school and academy budgets according to our existing formula then we can do so. However, if we wish to change our formulae e.g. to start transition to the NFF, then we can also do this. All options will need to be afforded within the new aggregated Schools Block budget and this may require adjustments to the values of formula variables. We will be able to identify the extent to which the NFF is different from our current funding formula allocation for individual schools and academies. The MFG will continue in 2017/18 and 2018/19. The DfE is aware that authorities that are losers in the Schools Block (Bradford is likely to be a loser simply because of the way we currently allocate HNB funding) may need more flexibility in the transition period and offers the possible option for such authorities to apply a reduced Minimum Funding Guarantee (e.g. a minus 2.5% protection rather than the current 1.5%) to provide budget flexibility e.g. to fund a higher cost of growth. Precise details of this are to be determined.
- 8.3.4. **Critically, during 2017/18 and 2018/19, it is proposed that 100% of the new Schools Block must be spent on primary and secondary formulae funding and cannot be diverted to support pressures in other Blocks i.e. the High Needs Block.** This means our Schools Block is now either 'locked in' to mainstream allocations or will be lost to the District (where we are a loser). This will remove THE main source of financing of additional HNB provisions and will mean that HNB cost pressures must be contained within the HNB. It potentially directly affects how the recommendations from the current SEND and Behaviour reviews are taken forward. It is understood that there is proposed allowance for some overlap / movement between the EYB and the HNB, but this needs to be further analysed (and the EYB has not previously been a main source of financing HNB pressures). This is an area of immediate concern. It is unclear what would happen if we overspent our HNB / our DSG went into deficit as a result of not being able to transfer budget from other Blocks. The DfE does indicate that local authorities will retain previous underspends / reserves in the DSG (during transition period), so we possibly need to earmark the DSG reserves for HNB issues in the first instance whilst we deliver change and work this situation through.
- 8.3.5. The formularisation of the High Needs Block will begin at April 2017. This will change the distribution of HNB resources between local authorities. The impact of this is proposed to be significantly ameliorated for at least 5 years i.e. possibly for longer than the transition in the Schools Block. This is an area of immediate concern. We would expect to gain from a new HNB formula. If the rate of material receipt of additional funds in the HNB is slower than the rate by which we lose Schools Block funding then our transition to new arrangements will be significantly harder than another authority that is currently spending more in the HNB. This is an area for comment in our consultation response and for further analysis.



8.3.6. De-delegation from maintained schools within the Schools Block for maintained schools e.g. Trade Union Facilities Time and maternity reimbursement can continue until the end of 2018/19 when all de-delegation must cease. We will need to prepare exit from de-delegation (either ceasing to deliver services or moving to full trading). We have already highlighted that the number of school conversions to academy status may lead to de-delegation becoming inefficient / ceasing before April 2019. This will need to be reviewed on an annual basis.