Governor Forum October 2019

**National Funding Formula and 2020/21 Funding Arrangements**

Introduction

Each autumn the Local Authority, with the agreement of the Schools Forum, publishes consultations on formula funding arrangements for the following financial year.

**These consultations are planned to begin following the Schools Forum meeting to be held on 16 October 2019. The school funding system continues to be shaped by the Government’s direction of travel towards ‘National Funding Formula’ (NFF).**

Government Settlement Headlines

* 3 year funding settlement for schools, which increases the national schools budget by £7.1bn to £52.2bn by 2022/23 (£4.6bn above inflation).
* The intention to move to a ‘hard’ NFF for primary and secondary schools and academies “as soon as possible” is “re-affirmed”, but no explicit timeframe is yet given.
* The settlement for primary and secondary schools and academies is calculated so that funding for all schools and academies can rise at least in line with inflation in 2020/21. The inflation figure used in the Autumn Spending Round statement is 1.84%.
* For schools already on their NFF allocations, “the per pupil values in the formula will increase by at least 4% in nominal terms in 2020/21”.
* At school level, the secondary phase minimum formula funding per pupil value will be increased from £4,800 to £5,000 in 2020/21. The primary phase minimum will be increased from £3,500 to £3,750 in 2020/21 and then to £4,000 in 2021/22.
* The additional funding to cover the increased cost of employer contributions to teacher pensions at September 2019 is confirmed for the next 3 years. The Teacher Pay Grant is also confirmed for 2020/21.
* The national budget for early years is increased in 2020/21 by £66m, which is c. 1.8% on 2019/20 (so covering inflation). We are currently uncertain what this means for Bradford. The position of the funding of maintained nursery schools after August 2020 is also still currently uncertain.
* “Over” £700m is additionally allocated for high needs in 2020/21. Bradford will get at least an 8% per pupil funding increase (£6m).
* An additional £400m is allocated for 16-19 funding.
* The exact and final position in 2020/21 of the main longstanding pre-16 additional grants – Pupil Premium Grant, Primary PE & Sports Premium, Universal Infant Free School Meals and Year 7 Catch Up – is still to be announced. Announcements on these grants, when they come, will be signposted on Bradford Schools Online.

Funding Early Years

* Our proposed approach for 2020/21 continues to incorporate our response to the changes that began from April 2017 as a result of the Government’s national early years funding reform. The most significant widespread change for Bradford resulting from this reform has been the reduction in the value of the Universal Base Rate supporting the delivery of the 3 & 4 year old universal and extended entitlements. In 2017/18, we were also required to re-direct a proportion of spending from our Deprivation and SEND supplement to the Universal Base Rate in order to comply with new restrictions. In 2018/19 and 2019/20, we have allocated reserves (one off monies) held within the Early Years Block to protect the value of the Universal Base Rate at its current year level, which is £4.11 per hour. The funding of maintained nursery schools has remained protected across 2017-2019 as the DfE has provided a specific supplement for this purpose. We are currently still unclear about the position of the funding of maintained nursery schools after August 2020.
* Regarding the 2 year old entitlement, providers in 2020/21 will continue to be funded on a single flat rate per hour with no additional supplements. This rate was £5.20 in 2019/20, which meant that 100% of the rate of funding the Authority receives from the DfE for the 2 year old entitlement is passed on to providers. The DfE has not yet confirmed Bradford’s rate of funding in 2020/21 but we would expect to pass any uplift onto providers.
* Regarding funding the 3 & 4 year old entitlement, whilst recognising that reserves / one off monies are still currently available and will be deployed in 2020/21, we do propose to begin to take incremental action, which is aimed at both reducing the reliance on one off monies and maximising the value of our Universal Base Rate over the medium term. To this end, we propose:
	+ To begin to reduce the proportion of our 3 & 4 year old EYSFF that is allocated via the Deprivation & SEND supplement, with the intention to reduce this down by April 2022 to the average of our statistical neighbours, which is currently rounded at 6% (5.7%). Our current proportion is 9.5%. We propose to reduce down to the 6% average in three steps over three years, with the proportion reduced from 9.5% to 8.0% in 2020/21, and then indicatively down to 7.0% in 2021/22 and then to 6.0% in 2022/23.
	+ We will then continue to employ one off monies to support the 3 & 4 Year Old Universal Base Rate (UBR) in 2020/21. This was £4.11 in 2019/20. The DfE has not yet confirmed Bradford’s rate of funding in 2020/21 but we would expect to pass any uplift onto providers.
* The consultation document itself sets out in much more detail the background and rationale for this proposal. It also provides benchmarking information (how Bradford’s funding rates compare against those in other authorities).
* We will continue to apply to all providers the new holistic SEND Inclusion Fund approach that was introduced in this year. 2 year olds will continue to be eligible for EYIF.

Funding High Needs

* The DfE’s Call for Evidence on the financial arrangements for SEND and alternative provision, conducted in summer 2019, and the DfE’s announcement at the beginning of September of a larger SEND system review, are important factors in our consideration of how our high needs funding models develop going forward.
* There are no significant changes to the national high needs funding framework for 2020/21. The basic construct of this system – a notional value of £4,000 for element 1 (pre-16), £6,000 for element 2 and £10,000 per place for special schools and PRUs – remains in place and unchanged from 2019/20 arrangements.
* We are developing proposals, which if agreed will mean a change in funding arrangements for 2020/21 in the following three main areas:
	+ Most significantly, in the funding of EHCPs across mainstream and specialist settings, as well as school-led and Authority-led resourced provisions, moving to a new banded model, which will replace our existing Ranges Model. Subject to agreement, we expect to use the new model from 1 April 2020 and as a vehicle to release a proportion of the additional High Needs Block funding that has been allocated to Bradford in 2020/21, recognising that the values of top up for EHCPs in Bradford have remained cash flat in recent years.
	+ The funding of PRUs, where we propose to move to a new day-rate based formula model for funding permanent-exclusion provision commissioned by the Authority, which we are currently piloting in Bradford Alternative Provision Academy Central. Forum Members are aware that we have already begun to re-shape responsibilities between the High Needs Block and schools in respect of the funding of alternative provision. We expect to complete this work during 2020/21.
	+ The funding of specialist equipment across both mainstream and specialist settings.
* We anticipate that all other technical aspects of our high needs funding arrangements will remain unchanged in 2020/21. At this stage, we are not proposing to adjust notional SEND or SEND Floor arrangements in respect of mainstream formula funding and its relationship with the EHCP model. These will be reviewed in the light of the outcomes of the DfE’s Call for Evidence.

Funding Primary & Secondary Schools & Academies

The combination of our transfers from the Schools Block to the High Needs Block, and our implementation of the DfE’s NFF to calculate individual school budget shares, has created the following formula funding landscape in Bradford in 2019/20:

* Primary phase: 144 out of 156 schools (92%), including academies, were funded on the Minimum Funding Guarantee at a total value of £7.47m. 16 schools were funded at the £3,500 minimum level, receiving £0.80m in total via this factor. All other schools were funded above £3,500 per pupil.
* Secondary phase: 17 out of 31 schools (55%), including academies, were funded on the Minimum Funding Guarantee at a total value of £1.99m. 3 schools were funded at the £4,800 minimum level, receiving £0.67m in total via this factor. All other schools were funded above £4,800 per pupil.
* All through schools: 3 out of the 4 academies (75%) were funded on the Minimum Funding Guarantee at a total value of £0.37m. All of these academies were funded above the £4,042 minimum level.

From these summary statistics, it is quite easy to see how important decisions regarding the Minimum Funding Guarantee, in particular, will be to the values of budget shares received by our schools and academies in 2020/21.

There are 5 key decisions we need to take on Bradford’s 2020/21 mainstream primary and secondary funding formula arrangements. These are very similar to the decisions that were needed for 2019/20.

1. Whether we transfer budget from Schools Block to the High Needs Block in support of high needs sufficiency delivery and, if we do, the value of this transfer in 2020/21.
2. Whether we continue to closely mirror the DfE’s National Funding Formula, and its per factor £values, as far as financial affordability allows. Most significantly, whether we replace our existing pupil mobility formula factor with the DfE’s new pupil mobility factor, which has been introduced into the NFF for 2020/21.
3. Whether we continue unchanged our existing local approaches to the factors not yet covered by the NFF e.g. split sites funding.
4. The value of Minimum Funding Guarantee we provide. The Government permits this to be set between positive 0.5% and positive 1.84%. 1.84% is the DfE’s measure of inflation in 2020/21 (the forecasted GDP deflator). 1.84% would mean, for example, that a school that is funded on the MFG and has the same total pupil numbers recorded in October 2019 as in October 2018 would receive in 2020/21 its 2019/20 core formula funding cash value plus 1.84%.
5. Whether we retain, with their existing criteria and methodologies, the funds currently managed centrally within the Schools Block:
	1. Growth Fund.
	2. Falling Rolls Fund (primary phase).
	3. Funds de-delegated from maintained primary and secondary schools.

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