

Report of the Director of Finance to the meeting of the Executive to be held on 5 March 2024 and Council to be held on 7 March 2024.

AM

Subject:

Allocation of the Schools Budget 2024/25 Financial Year

Summary statement:

The report seeks Executive approval of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) for 2024/25 and subsequent recommendation to Full Council.

EQUALITY & DIVERSITY:

The Schools Budget proposed for 2024/25 is put forward to retain a significant amount of continuity on current practice, Dedicated Schools Grant distribution and formula funding policy and methodology. In addition to the summarised equalities impact assessment, which is presented at Appendix 1, a fuller assessment of our formula funding proposals was included in each of the consultation documents that were published in the autumn (please see the links to these in the background documents section of this report).

Steven Mair
Director of Finance

Portfolio: Leader of Council

Report Contact: Andrew Redding
Phone: (01274) 432678
E-mail: andrew.redding@bradford.gov.uk

Overview & Scrutiny Area: Corporate

1. SUMMARY

- 1.1 This report informs the Executive of the allocation of the Dedicated Schools Grant (DSG) and the proposed Schools Budget for the 2024/25 financial year. The proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 10 January 2024, which are recorded here: [Decisions List of the Schools Forum meeting 10 January 2024](#).
- 1.2 The Schools Budget is part of the overall budget proposal for the Council, which includes:
- The recommended Capital Investment Plan (Document AN)
 - The Revenue Estimates (Document AL)
- 1.3 This report is submitted to enable the Executive to make recommendations to Council, on the setting of the budget and the Council Tax for 2024/25, as required by Article 4 of the Council's Constitution.
- 1.4 The total estimated value of Dedicated Schools Grant (DSG) available for distribution in 2024/25 is £759.852m, which includes a forecasted cumulative value of under-spend (one off carry forward balance / reserve) up to 31 March 2024 of £29.975m (4%). The recommended distribution of this Schools Budget is summarised in this table:

Description	Early Years Block £m	Schools Block £m	High Needs Block £m	Central Schools Services Block £m	Total DSG £m
Estimated DSG available 2024/25	£66.014	£537.891	£122.343	£3.628	£729.877
Estimated DSG B'fwd from 2023/24	£3.855	£3.295	£22.646	£0.179	£29.975
Total Estimated DSG (Schools Budget) 2024/25	£69.869	£541.186	£144.990	£3.807	£759.852
Delegated to Schools / Providers	£64.341	£536.150	£112.536	£0.000	£713.027
Non-Delegated Items	£1.673	£1.740	£9.808	£3.628	£16.849
Allocation of One Off	£1.262	- £0.008	£21.620	£0.059	£22.933
Total Funding Allocated	£67.276	£537.883	£143.964	£3.687	£752.810
Difference (C'Fwd)	£2.593	£3.303	£1.026	£0.120	£7.042

Please note due to the rounding of figures in this display, the total may not add up exactly.

2. BACKGROUND

2.1 Under national Regulations, every local authority is required to operate a Schools Forum. The Schools Forum is a decision making and consultative body dealing with the Dedicated Schools Grant and the Schools Budget. The Forum acts as a consultative body on some issues and a decision-making body on others.

The Forum acts in a consultative role for:

- Changes to the local funding formula for maintained schools and academies.
- Changes to the operation of the Minimum Funding Guarantee.
- Arrangements for the funding of the early years entitlements.
- Financial arrangements for pupils with special educational needs and disabilities, and for pupils in pupil referral units, including arrangement for paying top-up funding for pupils with Education Health and Care Plans.
- Changes to or new contracts that are funded from the Schools Budget.

The Forum's decision making powers include:

- How much funding is centrally retained within the Dedicated Schools Grant.
- Growth Funding and Falling Rolls Funding within the Schools Block.
- The movement of Schools Block funding to other DSG Blocks.
- Proposals to de-delegate funding from maintained schools within the Schools Block.
- Changes to the Scheme of financial management that governs maintained schools.

One of the primary functions of the Schools Forum is to recommend to the Local Authority how the funding, which the Government provides for maintained schools and academies and for individual pupils through the Dedicated Schools Grant (DSG), is managed.

2.2 Following the Government's 'National Funding Formula' reforms, which began at April 2018, the Dedicated Schools Grant (DSG) continues in 2024/25 to be constructed in four blocks – Schools Block, High Needs Block, Early Years Block, and Central Schools Services Block - with each block having a 'National Formula' basis. The movement to National Funding Formula is accompanied by transitional arrangements, and all four DSG blocks continue to include protections. As in previous years, these arrangements have been adjusted by the Government's 2024/25 settlement, which was confirmed on 19 December 2023. This settlement is primarily based on the Government's Autumn 2022 Statement. The national Schools Budget for 2024/25 was not adjusted by the most recent Autumn 2023 Statement. However, the DfE has confirmed that a new non-DSG grant will be in place for schools and academies to support the 5% increase in the employer's contribution to teacher pensions from 1 April 2024. The details of this new Teacher Pensions Grant are still to be published. Whilst this is new additional money for schools in 2024/25,

it will be required to be used to support increased teaching salaries costs.

- 2.3 The downturn that is forecasted in the financial position of our High Needs Block within our DSG account is the dominant feature of the 2024/25 planned budget and will be the dominant feature of our DSG management going forward.

Council is asked to approve a planned budget for 2024/25, which projects that a surplus DSG account balance will still be retained at the end of the 2024/25 financial year. However, due to the anticipated continued growth in the number of Education, Health and Care Plans (EHCPs), and other pressures, combined with a reduction in the annual increase in High Needs Block income that we have received from Government, we forecast that the £22.646m High Needs Block surplus that is projected to be held at the end of 2023/24 may largely be spent by the end of the 2024/25 financial year and that our High Needs Block and then DSG account may post a deficit at the close of the 2025/26 financial year, with the size of this deficit continuing to grow from this point, in the absence of: new significant mitigating response; significant additional income from the DfE through the High Needs Block settlements; a significant slowing of EHCP and other spending growth rates. Although our forecast is currently based on a series of estimates, which may change, the scale of overspend that is currently forecasted clearly indicates that we have a structural High Needs Block budget issue going forward.

This is a national problem. Overspends in the High Needs Block are a common reason why authorities currently are recording cumulative and increasing deficits in their DSG accounts. The DfE has in place two types of intervention and support strategies for local authorities – the Safety Value Programme and the Delivering Better Value (DBV) Programme. Because we have up to now balanced our DSG account, and have continued to retain surplus balances, Bradford has not yet come into these programmes. However, one of the mitigating actions that we must now take is to request advice and support from the DfE in the management of our position.

The proposed 2024/25 High Needs Block planned budget that is set out in this report continues to incorporate our responses to the growth in the needs of children and young people.

Bradford District, as has happened nationally, has experienced a significant increase in demand for Special Educational Needs and Disabilities (SEND) provision. For example, the total number of Education, Health and Care Plans (EHCPs) for 0-25 year olds across the Bradford District was recorded as 6,259 in November 2023. This has increased from 5,309 in September 2022 (+18%). Requests for EHCP assessments have risen from 813, between October 2019 and October 2020, to 1,970, between September 2022 and September 2023. Despite these increases, our overall proportion of children and young people with EHCPs (3.9%), recorded at January 2023, remains lower than the national average (4.3%). This is suggestive that there is still more growth in our EHCPs to come, and with the potential for our future annual growth rate to be higher than national averages.

The number of pupils permanently excluded in Bradford District schools / academies has recently moved significantly towards the national average. In response, the 2024/25 planned budget is based on the provision of 300 alternative provision places,

increased from the 160 places on which the 2023/24 planned budget was calculated.

The Local Authority has created a significant number of additional SEND specialist places across the District in response to the growth in the numbers of children and young people requiring specialist provision. The planned budget for 2024/25 incorporates revenue funding for the development of 200 new SEND places. In this context, we highlight that we were unsuccessful in our most recent bid for a special free school.

2.4 Primarily as a consequence of the forecasted overspend in the High Needs Block, we propose to allocate £22.933m of the £29.975m (77%) of predicted DSG reserves to the 2024/25 planned budget. £21.620m of the £22.933m is within the High Needs Block. The six areas of spending growth that are projected for 2024/25, which are the most significant contributors in cash terms to the projected £21.620m High Needs Block overspend are as follows. These areas make up over 80% of our planned 2024/25 High Needs Block spending:

- a) Spend on mainstream EHCPs is forecasted to increase by 36% in 2023/24 and we currently estimate that we will continue to see substantial growth in 2024/25. Anticipated spending growth in this area alone exceeds the £5.5m growth in High Needs Block income that we have received from the DfE.
- b) Spend on Independent, Non-Maintained and Out of Authority placements is forecasted to increase by 26% in 2023/24 and we estimate that we will continue to see a similar level of growth in 2024/25. Growth in this area alone exceeds the £5.5m growth in High Needs Block income that we have received from the DfE.
- c) The 2024/25 planned budget includes provision for an additional 200 local SEND specialist places (100 full year; 100-part year from September).
- d) Additional places have been commissioned for pupils permanently excluded and the 2024/25 planned budget estimates funding of 300 places.
- e) Spend on special schools and special school academies will increase principally as a result of the proposed uplift of the EHCP Banded Model and the expectation that new placements will be placed at higher Bands due to growing levels of need.
- f) Spend on EHCPs in post-16 is forecasted to continue to increase as the secondary-aged population bulge continues to move through.

We have in recent years delivered structural changes and we have already applied a number of mitigations, which roll forward within our 2024/25 planned budget and which have contributed so far to our success in delivering a balanced High Needs Block budget and in securing carry forward DSG surplus resilience reserves. We identify that a number of the actions that we have already taken feature in the DfE's recommendations to local authorities that are within the Safety Value and Delivering Better Value intervention and support programmes. Our much more challenging forecasted position for 2024/25 onwards is the result of our expectation of the continued significant growth in numbers of EHCPs alongside other demand-led spending pressures and the reduction in the annual increases in High Needs Block income that we have received / expect to receive within the DSG settlements.

Our strategic work needs to continue to put forward options for new actions that may

contribute to the resolution of the forecasted High Needs Block deficit. We are seeking to develop actions that will help to reduce the size of the overspend in 2024/25 and then to reduce the on-going overspend from April 2025. Actions from April 2025 include consideration of amendments to our formula funding models, as well as a Schools Block to High Needs Block funding transfer. These types of actions will ultimately be picked up within our 2025/26 DSG planned budget setting and consultation on formula funding arrangements. From discussions that have already taken place with the Schools Forum, we are conscious that, in the context of continued demand-led growth, reducing High Needs Block spending will be very difficult to achieve. We have identified that, even after further mitigation is identified, there is high risk that our DSG account will be in deficit by the end of the 2025/26 financial year. The Local Authority intends to communicate this to the DfE and to ask for advice and support. The forecasted position of our DSG account will continue to be presented within the Council's Medium Term Financial Plan. A deficit in our DSG account is potentially significant for the Council's overall financial position. There is a national 'statutory override' accounting mechanism, however, which is currently in place to the end of the 2025/26 financial year. Please see section 8 of this report.

Finally, in forecasting future year High Needs Block spending, we are conscious of three uncertainties, in particular, that may alter (increase, as well as decrease) the pressure on our High Needs Block. These require close monitoring:

- a) The outcomes of the current national reviews on SEND, EHCP and Alternative Provision systems and funding. It is likely that national changes will alter the cost base that our High Needs Block will need to manage. We are a pilot authority for the DfE's SEND Change Programme. Part of this work includes piloting schemes to encourage greater inclusion in schools, thereby reducing the demand and growth of EHC Plans. Bradford, in partnership with all of its schools, will be piloting an Inclusion Tool to support schools to identify needs early, access specialist support services for advice and support to meet SEND needs, and to consider strategies to support children with SEND to access their education without the need for an EHC assessment/Plan. For inclusion to be successful in schools, it needs to be financially viable. The notional SEND budget in a school has been set at £6,000 (known as 'element 2' funding) since 2012 and this is in need of an urgent uplift in order to reflect increasing costs of educating children.
- b) The rate of continuing growth in the number of children and young people with EHCPs, including the number that will require specialist provisions, as well as high-cost independent provisions, in the context of wider demographic changes.
- c) The annual increases in High Needs Block funding allocated by the DfE.

2.5 Regarding the Schools Block, the Government has re-affirmed its intention to implement a 'hard' National Funding Formula for mainstream primary and secondary maintained schools and academies. Further transition has been directed for 2024/25. The DfE's stated aim is for the National Funding Formula to be fully implemented by 2027/28, at the latest. Although local responsibility is expected to be retained for the High Needs Block, Early Years Block and Central Schools Services Block, at the point the National Funding Formula is implemented, mainstream Schools Block primary and secondary funding formula is expected to be calculated nationally and only 'passported' by the Authority to schools. However, the Authority continues in 2024/25 to have responsibility for deciding all formula funding arrangements, within

tight regulations.

- 2.6 Given this direction of travel, a key decision for all authorities recently has been whether to fully adopt locally the Government's National Funding Formula for the allocation of the Schools Block to mainstream primary and secondary maintained schools and academies. Council took this decision at April 2018 and the Schools Block recommendations for 2024/25 are put forward to ensure that we continue to mirror the Government's National Funding Formula as this annually incrementally develops.

The Government's 2024/25 Schools Block primary and secondary mainstream National Funding Formula (NFF) provides for a 'headline' increase in funding per pupil nationally of 1.9%, inclusive of the transfer into the DSG of the Mainstream Schools Additional Grant. The settlement is allocated broadly equally across all formula factors, rather than being weighted towards additional educational needs factors, as was the case in 2023/24. Incorporating the impact of the October 2023 Census dataset, the primary-phase mean average change in formula funding per pupil in Bradford is positive 1.8%. The secondary phase mean average change is positive 1.5%. The all-through academy mean average change is positive 2.4%.

As in previous years, maintained primary and secondary schools and academies will not uniformly receive the same percentage increases in per pupil funding. Increases will depend on changes in pupil circumstances data, in pupil numbers, and on the school's / academy's relationships to both the Minimum Funding Guarantee (MFG) and to the mandatory minimum per pupil funding levels (MFL):

- a) The Minimum Funding Guarantee (MFG) for primary and secondary maintained schools and academies is proposed to be set at positive 0.5% in 2024/25, meaning all schools / academies will receive a minimum 0.5% increase in per pupil funding, using the DfE's prescribed methodology. 0.5% is the maximum MFG that is permitted by the Regulations.
- b) A significant element of the Government's National Funding Formula for mainstream primary and secondary maintained schools and academies is the requirement that all primary maintained schools and academies receive a minimum of £4,610, and all secondary maintained schools and academies a minimum of £5,995, per pupil. These minimums (MFL) have been increased by 1.4%, prior to the merger of the Mainstream Schools Additional Grant.
- c) 33% of Bradford's schools and academies will be funded on either the MFG or the MFL; 36% of the primary-phase and 19% of the secondary-phase.

Increases in cash allocations (rather than in per pupil values) of formula funding, for individual maintained schools and academies, will be affected by changes in the numbers of pupils recorded on roll at October 2023, compared with October 2022. The number of pupils recorded in mainstream secondary phase maintained schools and academies continues to increase, with 314 (+0.9%) more pupils recorded at October 2023. This is the continuation of the school population bulge, which began some time ago in the primary-phase. As a result of more recent demographic trends, the number of pupils recorded in mainstream primary phase maintained schools and academies continues to reduce, with 202 (-0.4%) fewer pupils recorded at October 2023. This reduction is forecasted to continue in the medium term and, as a result,

formula funding levels in the primary-phase are also forecasted to continue to reduce. Pupil numbers in the secondary phase are forecasted to flatten, before then beginning to reduce in future years.

2.7 Regarding the Early Years Block, the Government is extending the entitlements to early education and childcare, meaning that, for the 2024/25 financial year, the Local Authority must have in place arrangements for funding providers for their delivery of the following five entitlements:

- a) The 15 hours universal 3&4-year-olds entitlement.
- b) The 15 hours (for eligible working parents) extended 3&4-year-olds entitlement.
- c) The 15 hours 2-year-olds entitlement for parents of eligible children from the most disadvantaged backgrounds.
- d) From 1 April 2024, a new entitlement of 15 hours for 2-year-olds of eligible working parents. This entitlement will extend to 30 hours at September 2025.
- e) From 1 September 2024, a new entitlement of 15 hours for children aged + 9 months of eligible working parents. This is known as the “Under 2s” entitlement. This entitlement will extend to 30 hours at September 2025.

In section 4 of this report, we present a summary of the formula funding approaches that are proposed to support the delivery of the entitlements. As a result of the new entitlements, the cash value of our Early Years Block allocation has significantly increased in 2024/25 and will increase again in 2025/26 and 2026/27 as the new entitlements are fully established. The DfE confirmed on 29 November 2023 the Early Years Block settlements for local authorities for the 2024/25 financial year, including the rates of funding for the new entitlements. The table below provides the headlines:

Description	Under 2s Working Parents Entitlement	2-Year-Old Entitlements (both Disadvantage and Working Parents)	3&4-Year-Old Entitlements (both universal and extended)
DfE National Average Early Years Block funding rate per hour 2024/25	£11.22	£8.28	£5.88
DfE Bradford Early Years Block funding rate per hour 2024/25	£10.97	£8.04	£5.55
Difference between Bradford’s rate and the National Average in 2024/25	- £0.25	- £0.24	- £0.33
DfE Bradford funding rate per hour in 2023/24 (combined Early Years Block and Early Years Supplementary Grant)	n/a	£7.40	£5.32
Difference (increase) in Bradford’s 2024/25 rate of funding per hour received from the DfE vs. 2023/24	n/a	+ 0.64 (8.7%)	+ £0.23 (4.3%)

In percentage terms, the 2024/25 settlement is much better than the original 2023/24 DSG settlement, which only increased our funding rates by 1% on 2022/23. The funding of the existing entitlements was improved during 2023/24 via the allocation of the additional Early Years Supplementary Grant (EYSG), which was announced by the Chancellor in March 2023. The EYSG has been consolidated and is continued within the 2024/25 Early Years Block settlement. The 2024/25 settlement should be

viewed in the context of the continued significant increases in salaries costs that are met by providers, including increases in the National Living Wage.

The rates in the table above are the total rates of funding that the DfE allocates to the Authority. From these rates, the Authority must fund our Early Years Single Funding Formula (allocated out to providers), our Early Years SEND Inclusion Fund (allocated out to providers) and the services that are managed centrally in support of providers and the delivery of the early years entitlements (retained centrally). Council will note that, although we propose to operate two separate formulae for the allocation of funding to support the delivery of the Disadvantage and Working Parents 2-year-olds entitlements, the Authority receives the same rate of funding from the DfE. The Authority also receives the same rate of funding for both the universal and extended 3&4-year-olds entitlements. We have shown the national average funding rates in the table above, as it is important for Council to be aware that Bradford receives rates of funding that are lower than the national averages. This affects how the rates of funding that providers receive in Bradford compare, especially to DfE guidance documentation, which only presents national average rates of funding.

A matter of uncertainty for the Early Years Block has been the settlement for maintained nursery schools. Bradford receives a discrete sum (a 'supplement'), which is used to protect our seven nursery schools at 'historic' funding levels. Without this supplement, these schools would each lose in the region of a third of their 3&4-year-olds entitlements funding, meaning that they are unlikely to remain viable in their current forms. The DfE has confirmed the continuation of this supplement for the 2024/25 financial year and has also previously stated that it remains committed to supporting nursery schools going forward.

Linking with demand-led pressures within the High Needs Block, the significant growth in the number of applications from providers in Bradford for Early Years Inclusion Funding (EYIF), and meeting the cost of this growth, is a prominent factor in the Authority's overall Early Years Block budget planning for 2024/25. The DfE's settlement does not explicitly recognise the growth of SEND in early years. EYIF spend in Bradford is estimated to increase by around 40% in 2023/24 and again in 2024/25, before we factor in the additional cost that will come from the extension of EYIF across all the entitlements.

There is a significant matter in respect of our 2024/25 Early Years Block funding settlement that is still to be resolved by the DfE. This relates to the introduction of the Under 2s Working Parents entitlement at 1 September 2024. Following our profile, we will fund providers in Bradford for the delivery of this new entitlement over 26 weeks between 1 September 2024 and 31 March 2025. However, the DfE has set out a methodology, which would only fund the Authority for 22 weeks of delivery over the same period, meaning that we would have the cost of 4 weeks of unfunded delivery to cover. We estimate that this would cost us £1.2m. We have met with the DfE to raise this as a very significant issue. We are aware that the DfE is speaking to other authorities and other authorities have raised the same issue. We are waiting for the DfE to set out its position. It is important for Council to be aware of this matter because, if this is not resolved by the DfE, it will significantly affect the overall financial position of Bradford's Early Years Block and Dedicated Schools Grant, in 2024/25 but also (and more so in 2025/26) when both the Under 2s and 2-year-olds Working

Parents entitlements extend to 30 hours. If this matter is not resolved by the DfE, the Authority will need to take mitigating steps to absorb the cost.

2.8 Reports to Council on the Schools Budget, that were presented prior to the 2020/21 financial year, recurrently highlighted the extent to which increases in DSG funding were assessed to be insufficient to match growth in costs, especially in salaries costs, leading to maintained schools, academies and other providers being required to deliver structural budget savings. The increases in DSG funding that were provided by the 2020/21, 2021/22, 2022/23 and 2023/24 settlements, however, were substantially improved, and the messages that we highlighted in the Schools Budget reports to Council over this period changed to reflect this.

There is consolidation of this improvement in the 2024/25 DSG funding settlement. To summarise the main features of this improvement for Bradford:

- The additional funding from the Mainstream Schools Additional Grant (MSAG), which was allocated in 2023/24, has been added as a permanent on-going funding stream within the Schools Block National Funding Formula and within the High Needs Block.
- The Teacher Pay Grant, which supports the additional 3.0% cost of the 6.5% teachers' pay award at September 2024 continues.
- A new Teacher Pensions Grant will be established to support the 5% increase in the employer's contribution to teacher pensions at 1 April 2024 in schools and academies.
- The increases in funding to support the existing early years entitlements that were delivered by the Early Years Supplementary Grant are consolidated. The Early Years Block settlement for 2024/25 is a better settlement, which is more reflective of provider cost pressures than the original 1% 2023/24 settlement.
- Mainstream primary and secondary maintained schools and academies, that are now funded on the DfE's mandatory minimums (MFL), have seen significant growth in their funding levels since 2019/20. These schools and academies will see a 1.4% increase in their per pupil funding in 2024/25, which is improved on the 0.5% increase that they received in 2023/24.
- 80% of mainstream primary and secondary schools and academies are now funded in 2024/25 above the level of the 0.5% Minimum Funding Guarantee. Following the collection of updated pupil circumstances data, funding for individual schools and academies has increased by a further £1.7m in 2024/25 in support of increased pupil-led need. Pupil Premium Grant allocations will also increase in response to this, and the DfE is increasing Pupil Premium Grant factor values by c. 1.5%.
- The historic higher funding levels of maintained nursery schools are secured for 2024/25 via the DfE's continuation of the Maintained Nursery School Supplement within the Early Years Block.

- By increasing the values of top-up funding allocated by our EHCP Banded Model, per place funding for special schools and special school academies will increase by more than the minimum that is required by the DfE.

However, the scale of the growth in costs that the DSG, schools, academies and other providers, including early years providers, in Bradford are absorbing – from demand-led growth (SEND and pupil-led need), inflation and from pay awards – has created a very challenging financial environment. The health of the budgets of individual schools, academies, and other providers will be additionally affected by variable factors. In terms of general, as well as specific variable, pressure points for Bradford in 2024/25, we highlight that:

- The Government's Early Years Block settlement for Bradford does not explicitly recognise the growth of SEND in early years, which must be met within this settlement, reducing rates of funding for wider provider delivery. Whilst the settlement is improved, this must especially be seen in the context of further increases in salaries costs, including in the National Living Wage (9.8%) and the increased cost of teacher pensions.
- Mainstream primary and secondary schools and academies, that are funded on the Minimum Funding Guarantee will see only a 0.5% increase in their core formula funding per pupil. This level of growth is very unlikely to keep pace with the salaries, and other inflationary cost, increases that these schools and academies will need to meet in 2024/25.
- Locally, all education budgets are still expected to be required to absorb the impact of pay awards, incorporating the teacher pay award, the officer (NJC) pay award, the increase in the National Living Wage and employer contributions to staff pension costs. Salaries increases in 2024/25 will need to be met, in addition to education budgets having already absorbed a substantial teacher pay award at September 2023, and a substantial officer (NJC) pay award at April 2022 and April 2023. National decisions on pay awards to come will have direct impact on the health of education budgets in 2024/25.
- Whilst the Teacher Pensions Grant will support the additional cost of the 5% increase in the employer's contribution to teacher pensions in schools and academies at 1 April 2024, we do not expect that additional funding will be allocated by the DfE into the Central Schools Services Block and the High Needs Block to support the costs associated with centrally employed teachers that deliver support services. This places further financial pressure on our DSG.
- General inflation, though dropping is still relatively high, especially food and energy costs, and there hasn't been 'deflation', meaning that recent very large cost increases are still consolidated.
- Demographic trends are reducing the numbers of early years children and primary-phase pupils across the District. The cash funding that some primary schools, primary academies and early years providers receive will reduce, which will require structural spending adjustments, at the same time as increased costs are absorbed.

- The COVID-19 pandemic grants – the Recovery Premium and the National Tutoring Programme – cease at the end of the 2023/24 academic year. Schools and academies will need to absorb within their own delegated budgets the cost of these programmes where support is continued.
- 2024/25 HNB settlement is substantially lower in cash and % terms than has been received in each of the last 4 years. Our £5.5m increase does not match the expected growth in demand and growth in the numbers of EHCPs. One of the mitigating actions that we have taken in 2024/25 is to apply restraint in the uplifting of our High Needs Block formula funding models, restricting this to 1%. This action should be viewed in the context of the Authority’s deficit forecast, the prioritisation of the expansion of specialist places capacity (securing appropriate provision for high needs pupils) and of meeting the cost of the growth in the numbers of children and young people in Bradford with EHCPs.
- Schools, academies and other providers, in their management of their delegated funds, continue to need to take prudent decisions understanding that there is uncertainty for the near-future. This includes uncertainty regarding funding increases from April 2025, pay awards in 2024/25, and the financial implications of the major national SEND and Alternative Provision reviews.

2.9 In summary, Bradford has received in 2024/25, compared against 2023/24:

- An additional £28.50m within the Schools Block (+ 5.6%). Of this increase, £17.07m relates to the transfer of the Mainstream Schools Additional Grant into the Schools Block, leaving £11.43m, which is actually new funding. The majority of this growth comes from the increase that is provided by the National Funding Formula-led settlement. £1.97m comes from the increase (RPIX) in PFI (Building Schools for the Future) funding and Business Rates (NNDR).
- An additional £5.47m within the High Needs Block (+ 4.7%).
- An additional £22.013m within the Early Years Block (+ 50.0%). £14.81m of this relates to the funding of the new Under 2s and 2-year-olds Working Parents entitlements. Our Early Years Pupil Premium and Disability Access Funding has also been increased to meet the extension of these streams across all the entitlements. The £22.013m growth in funding is estimated on the entitlement numbers forecasts that are used by the DfE. Actual cash growth will be affected by changes in our entitlement delivery that will be recorded during 2024/25. There is potential for significant movement in these figures. Our estimate of the Early Years Block includes the continuation of the Maintained Nursery School Supplement, at £1.63m.
- An additional £0.07m within the Central Schools Services Block (+ 2.0%). This increase comes from the Government’s 3% uplift of its National Funding Formula, which is partially offset by the reduction in funding for our historic commitments.

2.10 The total estimated value of Dedicated Schools Grant (DSG) available for distribution in 2024/25 is £759.852m, which includes a forecasted cumulative value of underspend (one off carry forward balance / reserve) up to 31 March 2024 of £29.975m

(4%). Elected Members are asked to consider and to approve the 2024/25 Schools Budget, as proposed in this report. This proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 10 January 2024. Should Elected Members wish to propose amendments to this Schools Budget then representation must be made back to the Schools Forum.

3. **SCHOOLS FORUM DECISIONS & RECOMMENDATIONS ON THE ALLOCATION OF THE SCHOOLS BUDGET 2024/25**

(£000)

Total Estimated DSG (Schools Budget) Available 2024/25 **£759,852**

3.1 **The Schools Block** **£537,891**

This Block funds formula-based delegated allocations for mainstream primary and secondary maintained schools and academies, services funded by de-delegation from maintained school budgets, a Growth Fund for primary and secondary schools and academies and a Falling Rolls Fund for primary schools and primary academies.

For 2024/25, the Schools Block is calculated on National Funding Formula-based primary and secondary per pupil values x October 2023 census pupil numbers, plus additional defined cash allocations. Bradford's primary phase amount per pupil (£app) is £5,181 (+5.13% on 2023/24); our secondary phase £app is £6,888 (+5.14% on 2023/24). These values have been derived by the DfE through the amalgamation of the allocations that individual maintained schools and academies in Bradford would receive via the National Funding Formula and following the application of minimum floors. The 2024/25 values include the transfer of the Mainstream Schools Additional Grant (MSAG) into the Schools Block. Additional cash allocations total £15.64m, for Business Rates (£4.58m), Split Sites (£0.41m), PFI (£8.84m) and Pupil Numbers Growth (£1.81m).

Please note that the funding associated with the delegated budgets of academies is 'top sliced' from this Block so that academies can be funded directly by the Education & Skills Funding Agency.

3.2 **The High Needs Block** **£122,343**

This Block funds resources for pupils in mainstream schools and academies with Special Educational Needs & Disabilities (with Education Health and Care Plans), delegated budgets for Special Schools and Special School Academies, Pupil Referral Units and Alternative Provision Academies, and resourced provisions within mainstream maintained schools and academies. These budgets are calculated under the national 'Place-Plus' framework. Other DSG provision relating to high needs pupils, both centrally managed and devolved, is also funded from this Block. This includes SEND mainstream school teaching support services, Education in Hospital provision and home tuition (medical needs). It also includes the placement of Bradford children in out of authority and non-maintained / independent provisions.

High Needs Block allocations are calculated via National Funding Formula under transitional arrangements. Bradford receives £4,661 for pupils in special schools and special school academies (including independent special schools), plus 50% of the value of our High Needs Block actual spending as it was in 2017/18, plus an allocation using the National Funding Formula, which is based on population,

deprivation and other needs-led data. The Authority then also receives an allocation of £2.26m for Education in Hospital and home tuition (medical needs) provision and £0.25m in respect of the former Teacher Pension Grant that is allocated to alternative provisions. Finally, an adjustment is made to recognise the cross border movement of children between authority areas.

Please note that the funding for high needs places in Bradford-located academies and in Post-16 settings is 'top sliced' from this Block so that these settings can be funded directly by the Education & Skills Funding Agency.

(£000)

3.3 The Early Years Block £66,014

This Block funds delegated allocations, and a smaller value of funds held centrally, relating to the delivery of the entitlements to early years education for eligible children in maintained nursery schools, primary maintained schools and academies with nursery classes, and Private, Voluntary and Independent (PVI) settings. Our 2024/25 allocation includes estimates of new funding for the delivery of the new working parents entitlements: for eligible 2-year-olds from 1 April 2024 (estimated new £8.76m) and for eligible 'Under 2s' from 1 September 2024 (estimated new £6.05m).

The 2024/25 Early Years Block consolidates and continues the additional Early Years Supplementary Grant that was allocated by the DfE for the period September 2023 to March 2024. This Block also includes funding in respect of the increase in the employer's contribution to teacher pensions at 1 April 2024.

The value of this Block is estimated and will be finalised, for the existing entitlements, on the number of eligible children that are recorded in the January 2024 and January 2025 censuses, and for the new entitlements on an additional temporary termly count, which has been established by the DfE. The rates of funding per children per hour that we will receive from the DfE for 2024/25 are:

Under 2s Working Parents	£10.97 (new)
2-year-olds Working Parents	£8.04 (new)
2-year-olds Disadvantage	£8.04 (+ 8.4% on 2023/24)
3&4-year-olds Entitlements	£5.55 (+ 5.1% on 2023/24)

Estimated figures of £0.953m and £0.542m are included for the Early Years Pupil Premium and for the Disability Access Fund respectively. These funding streams are extended to all the entitlements. In addition, an estimated £1.629m is currently included for the DfE's Maintained Nursery School Supplement. This Supplement is restricted to the 3&4-year-olds universal entitlement.

3.4 The Central Schools Services Block £3,628

The Central Schools Services Block was established at April 2018, when a number of items previously funded via 'top-slice' within the Schools Block were transferred to this Block and given a formula basis. These included Pupil Admissions and Local

Authority statutory duties that are held in respect of all state funded schools and academies and that were previously funded through the now ceased Education Services Grant.

The 2024/25 allocation is calculated on a National Funding Formula. Bradford receives £39.17 per pupil (+3.0% on 2023/24) x October 2023 census numbers recorded in primary and secondary maintained schools and academies, plus a lump sum of £0.144m relating to the value of 'historic commitments' spend we recorded in 2017/18. This additional £0.144m has been reduced from the £0.180m that was funded in 2023/24 and is set to be fully phased out by the DfE over time.

(£000)

3.5 Estimated DSG Balance Brought Forward from 2023/24 £29,975

Final DSG allocations are not confirmed by the DfE until later in the financial year and the Authority's proposals are based on estimates of expenditure, especially within the High Needs and Early Years Blocks. These estimates are reconciled at the end of each year and differences are added to the DSG in the next year's planned budget.

The table in paragraph 1.4 separates the total estimated carry forward balance into the four DSG blocks. This follows our local informal 'block earmarking' approach to the management of DSG balances, which has been agreed with the Schools Forum. For formal (external) purposes however, a single DSG carry forward figure is recorded. DSG balances are not ring-fenced by the Regulations and can be used cross-block.

4. ALLOCATION TO DELEGATED BUDGETS (€000)

Total Allocated to School / Provider Delegated Budgets €713,027

Broken down as follows:

4.1 Early Years Providers via Single Funding Formula €64,341

This is funding delegated to maintained nursery schools, nursery classes in maintained primary schools and primary academies, and Private, Voluntary and Independent (PVI) providers, to support the delivery of the entitlements to early years education, estimated as follows:

- The Under 2s Working Parents Entitlement €7.047m (part year from September).
- The 2-year-olds Working Parents Entitlement €8.268m (full year from April 2024).
- The 2-year-olds Disadvantage Entitlement €8.851m (full year).
- The 3&4-year-olds Universal and Extended Entitlements €38.379m (full year).
- Early Years SEND Inclusion €1.563m.
- Early Years Pupil Premium €0.953m.
- Disability Access Fund €0.542m.
- Adjustment for the planned spending of balance brought forward (minus) €1.262m.

Due to the timing of the DfE's announcements on early years funding for 2024/25, the Authority completed on 5 February a consultation on our Early Years Single Funding Formula (EYSFF) proposals. At its meeting on 10 January 2024, the Schools Forum gave its full formal support to the Authority's proposals, subject to the wider outcomes of our consultation. 15 responses to this consultation were received. Some responses made comments about the proposals, or other aspects, that it is not possible for the Authority to respond to, due to the constraints / requirements of the Regulations. Some responses highlighted that the funding rate for the 3&4-year-old entitlements continues to be low. In this, the Authority is constrained by the value of our Early Years Block settlement from the DfE. The 15 responses received, however, collectively supported the Authority's proposals, with the majority responses to all the consultation questions being 'strongly agree' or 'agree on balance'.

The Authority, therefore, following the School Forum's support, recommends that the Early Years Single Funding Formula (EYSFF) that was set out in the Authority's consultation is used to calculate budget shares for all providers delivering entitlement provision in 2024/25. A summary of Bradford's recommended EYSFF is attached at Appendix 4. In headline:

- A brand-new formula is in place for funding the delivery of the new Under 2s Working Parents entitlement, from 1 September 2024. It is proposed that this entitlement is funded via a Base Rate of €10.15 per child per hour for all providers plus a Deprivation and SEND Supplement rate that is calculated for each provider (and that varies between providers based on measured levels of deprivation). It is proposed that the Deprivation and SEND Supplement allocates in total 2% of delegated funding for this entitlement.

- A brand-new formula is in place for funding the delivery of the new 2-year-olds Working Parents entitlement, from 1 April 2024. It is proposed that the 2-year-olds Working Parents entitlement is funded via a Base Rate of £7.35 per child per hour for all providers plus a Deprivation and SEND Supplement rate that is calculated for each provider (and that varies between providers based on measured levels of deprivation). It is proposed that the Deprivation and SEND Supplement allocates in total 2% of delegated funding for this entitlement.
- We propose to continue to allocate funding to support the delivery of the 3&4-year-olds universal and extended entitlements using a Base Rate of £4.94 per child per hour for all providers plus a Deprivation and SEND Supplement rate that is calculated for each provider (and that varies between providers based on measured levels of deprivation), plus the supplement that specifically and only allocates lump sum sustainability funding to Maintained Nursery Schools.
- To further highlight Supplements funding within the 3&4-year-olds entitlements Early Years Single Funding Formula: a) the Employer's Contribution to Teacher Pensions Supplement, that was contained within our 2023/24 3&4-year-olds entitlements funding formula, is proposed to be discontinued; b) the proportion of 3&4-year-olds entitlements funding that is allocated to providers via the Deprivation and SEND Supplement is proposed to be reduced from 7% to 5%; and c) we do not propose to add any new supplements into the 3&4-year-olds entitlements Early Years Single Funding Formula.
- The funding levels (referring back to 2016/17 levels, prior to the national reforms) of Maintained Nursery Schools, for the delivery of the 3&4-year-olds entitlements, continue to be protected for the full financial year using the specific additional supplement that continues to be allocated by the DfE. Sustainability funding for maintained nursery schools in 2024/25 consolidates the allocation of the additional funding that was included within the Early Years Supplementary Grant and within the Early Years Pay Grant in 2023/24. The sustainability funding has also been increased for the additional funds that have been allocated in response to the increased employers' contribution to teacher pensions at 1 April 2024.
- Early Years Inclusion Funding (EYIF) is extended to all children that are accessing any of the entitlements. 'Fee-paying' hours continue to not be eligible for EYIF. Whilst we continue our existing core approach to the allocation of EYIF in 2024/25, the Authority will pilot in 2024/25, with sample providers across all sectors, an amended approach, which seeks to explore further the options for reducing bureaucracy and reducing / removing the need for providers with consistent numbers of entitlement children in receipt of EYIF to claim funding.

The DSG Conditions of Grant for 2024/25 require that a minimum 95% of the funding that is available in respect of each entitlement funding stream is delegated to providers for that entitlement. This 95% restriction has the effect of limiting the % of funding for each stream that can be centrally retained (limited to 5%) and limiting the extent to which funding for one stream can be used to pay for another. The proposed Schools Budget complies with this condition, as follows:

- Under 2s Working Parents Entitlement 95.5%
- 2-year-olds Disadvantage Entitlement 96.7%
- 2-year-olds Working Parents Entitlement 95.5%
- 3&4-year-olds Entitlements 97.4%

We also comply with the Condition, which restricts spending on supplements to a maximum 12% of available funding. Our planned budget also complies with the DfE's expectation that the specific Maintained Nursery School supplement is allocated to protect maintained nursery school funding at pre-national reform levels.

(£000)

4.2 Primary and Secondary Schools and Academies £536,150

Primary Phase £277.732m.

Secondary Phase £258.418m.

Please note that the funding for the delegated budgets of academies is 'top sliced' from the Authority so that these settings can be funded directly by the Education & Skills Funding Agency.

The Schools Forum has recommended to:

- Use the formula outlined in Appendix 2 to calculate delegated budget shares for mainstream primary and secondary maintained schools and academies. This formula has been agreed following consultation with schools and academies in autumn 2023. We submitted the final version of the required Pro-forma by 22 January 2024, and this is subject to final validation by the Education & Skills Funding Agency.
- Continue to fully mirror the Government's National Funding Formula, meaning that we:

Amend our minimum levels of per pupil funding to match the mandatory values of £4,610 primary and £5,995 secondary. These minimums have increased on 2023/24 by 1.40%, prior to the transfer in of the Mainstream Schools Additional Grant).

Amend our local formula to mirror the Government's 2024/25 National Funding Formula values for existing factors. The values of these factors have broadly increased between 1.0% and 2.2% on 2023/24, prior to the transfer of the Mainstream Schools Additional Grant.

Adopt the new mandatory split sites National Funding Formula factor.

- Set the Minimum Funding Guarantee at the maximum permitted + 0.50%.
- Continue to pass through the specific PFI (Building Schools for the Future) DSG affordability gap values, using our current method. Continue to fund business

rates at actual cost, with this cost currently estimated.

- Incrementally amend our definition of Notional SEND budgets for mainstream schools and academies, building on the adjustments that we made in 2023/24 to bring this definition more in line with the national picture and to improve fairness.
- Continue to retain additional funds that are initially managed centrally within the Schools Block (with some then released to eligible schools / academies during the year) – Growth Fund (primary and secondary phases), Falling Rolls Fund (primary phase only), De-delegated Funds (maintained schools only).

(£000)

4.3 Special Schools and Special School Academies

£41,024

The national high needs funding approach is based on the financial definition of a 'High Needs' child or young person being one whose education, incorporating all additional support, costs more than £10,000 per annum. This threshold lays the foundation of the national 'Place Plus' framework and the basis of the definition of the responsibility that maintained schools, academies and other providers have for meeting the needs of children and young people from their delegated budgets.

Delegated high needs funding has two parts a) core (or place) funding and b) top-up (or plus) funding. At its simplest level, the basic "Place" element has been set nationally at £10,000 for both SEND and Alternative Provision settings. The "Plus" element is the top-up above the "Place" funding and is based on an assessment of the additional needs of an individual pupil. Local authorities are permitted to establish bands for the top-up element of funding.

The 2024/25 planned budget of £41.025m is calculated on 1,540 places on a full year 2024/25 academic year basis across 8 special schools / academies. It also includes £0.30m additional budget for mainstream outreach support.

The Council introduced at April 2020 a new Banded Model for the funding of top-up for Education Health and Care Plans (EHCPs). This Banded Model, uplifted as set out in Appendix 3 for 2024/25, is proposed to continue to be used to allocate top-up funding for pupils with EHCPs placed in special schools and in special academies.

The 2024/25 planned budget includes a sum of £1.404m, which is allocated specifically in response to the DSG Condition, which requires local authorities to continue to pass through to Special Schools, Special School Academies, PRUs and Alternative Provision Academies the additional + 3.4% in funding per place that was added in 2023/24.

Please note that the place funding for academy special schools is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

(£000)

4.4 Pupil Referral Units (PRUs) & Alternative Providers £7,280

The Authority retains responsibility for funding from the High Needs Block provision for pupils that have been permanently excluded. Maintained schools and academies continue to be responsible for paying, from their delegated budgets, the cost of placements they commission (for pupils that are not permanently excluded).

The 2024/25 planned budget makes provision in total for 300 places on a full year basis to be available for turn-around provision for pupils permanently excluded. We propose to continue to calculate top-up for this provision using the Day Rate Model, which was first introduced at April 2020. The rate of funding allocated by the Day Rate Model is proposed to increase in 2024/25 by 1.71%.

Please note that the place funding for Alternative Provision Academies is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

4.5 School-Led SEND Resourced Provisions (Primary & Secondary) £6,591

School-Led SEND Resourced Provisions are provisions attached to mainstream primary and secondary maintained schools / academies where the school / academy, under Service Level Agreement, manages this provision and employs its staffing. Place and top-up funding is fully delegated.

The planned budget of £6.591m is calculated on 369 places across 23 provisions for the 2024/25 academic year.

School-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 3.

Please note that the place funding for resourced provisions in academies is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

4.6 Authority-Led SEND Resourced Provisions (Primary & Secondary) £6,459

Authority-Led SEND Resourced Provisions are provisions attached to mainstream primary and secondary maintained schools / academies where the Authority, rather than the school / academy, manages this provision and employs its staffing. Funding is partly delegated and partly retained. The top-up is retained and managed by the Authority. The host school / academy retains the first element of place funding (broadly £4,000) to cover its basic curriculum and site costs.

The planned budget for Authority-Led SEND Resourced Provisions incorporates both the budget for the long-established sensory provisions, as well as the growing budget for the SEND resourced provisions that began to be established from 2019 as part of

the Authority's strategy to deliver additional specialist SEND places.

The planned budget of £6.459m is calculated on 266 places in total for the 2024/25 academic year, with 100 places attached to the 4 established sensory provisions and 166 places attached to 9 recently developed / newly developing SEND provisions.

Authority-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 3.

Please note that a proportion of the planned budget is centrally retained. However, recognising that this budget is spent directly on provision within schools / academies, and in the interests of simplicity, the full budget is recorded here as delegated.

(£000)

4.7 **Pupils with EHCPs in Mainstream Schools, Academies and PVI** **£27,210**

Top-up funding is delegated to mainstream maintained schools / academies and early years PVI providers for pupils with Education Health and Care Plans (EHCPs). The Banded Model, as set out in Appendix 3, is proposed to apply to the calculation of this top-up for 2024/25. The planned budget of £27.210m incorporates a forecasted net 20% increase in cost as a result of the continued growth in the numbers of EHCPs that are anticipated to be placed in mainstream maintained schools / academies and PVI providers during 2024/25.

The national high need funding system works on the basis that mainstream schools / academies have sufficient funding already within their delegated allocations to enable them to meet the additional costs of the SEND of their pupils, up to the threshold of £6,000 per pupil. Local authorities are required to define for each primary and secondary maintained school and academy the value of their formula funding that is 'notionally' allocated for SEND to be used in meeting costs up to the £6,000 threshold.

The planned budget of £27.210m incorporates the SEND Funding Floor, which is a factor that ensures a minimum level of funding for SEND provision in primary and secondary maintained schools and academies. The Floor is aimed at ensuring that no mainstream primary or secondary school / academy will have to manage from their own formula funding an above phase-average cost pressure in respect of their commitment to fund the first £6,000 of cost for their pupils with EHCPs. As well as supporting provision for pupils with EHCPs, the Floor is aimed at protecting the funding used by schools / academies to support their wider AEN (Additional Educational Needs), SEND and AP (Alternative Provision) activities. It directly financially supports schools / academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools / academies that may have lower levels of AEN formula funding and that may be smaller in size. It also supports schools / academies that may have some turbulence in formula funding as a result of in year pupil numbers changes. We first introduced our SEND Funding Floor in 2021/22. At that time, the Floor was put forward as a trial, for one year only, and being subject to further review, including in the light of the outcomes of the DfE's national SEND Review. We propose to continue this Floor arrangement for the 2024/25 financial year, April 2024 to March 2025, but again pending review for

2025/26. We have adjusted (increased – from median plus + 2% to median + 3%) the thresholds that are used to calculate this Floor.

(£000)

4.8 Post-16 Further Education / Special Post 16 Institutions (SPIs) £9,466

Places for high needs students at post-16 are funded at £6,000. For top-up funding, Further Education providers and SPIs are funded for the vast majority of their Post-16 high needs students at 60% of the values prescribed by the Banded Model, as set out in Appendix 3. The main exception is students with the primary need of sensory impairment, where funding is calculated on an actual cost basis.

The planned budget of £9.466m is calculated on 435 places commissioned by the Authority in the main Bradford-located Further Education Colleges for the 2024/25 academic year, plus provision for the estimated cost of top-up allocations to all Post 16 provisions and for the cost of potential growth in places during the year.

Please note that the place funding for the FE colleges is ‘top sliced’ from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

4.9 Early Years Resourced Provisions £1,900

Early years resourced provisions are attached to 6 maintained nursery schools and will continue to be funded via the Place-Plus framework. The Banded Model set out in Appendix 3 applies to the calculation of top-up from April 2024.

These provisions operate as school-led SEND resourced provisions, where the schools, under Service Level Agreement, manage the provision and employ the staffing. Place and top-up funding is fully delegated.

The planned budget of £1.900m is calculated on an allocation of 78 FTE places for the 2024/25 academic year.

4.10 Placements in Out of Authority & Independent Settings £28,800

The cost of placements of pupils with EHCPs in out of authority and in independent settings is calculated on an actuals basis, with this total cost appropriately shared between the DSG (education), health and social care. The funding of independent providers currently sits outside the national Place-Plus framework. The number and cost of placements commissioned by the Authority has continued to increase due to demand and pupil population growth. The planned budget of £28,800m is calculated estimating that the cost in 2024/25 will continue to grow at current rates.

(£000)

4.11 Provision for the Creation of Additional SEND Places **£3,869**

The planned budget includes £3.869m, which is revenue provision to support the creation of a further specialist SEND places. Given the projected continued growth in demand, the Authority will continue to seek to create SEND places on an on-going basis and will make revenue budget provision for this from the High Needs Block.

4.12 Former Teacher Pay and Pensions Grants **£1,557**

We were required in 2021/22 to add into our formula funding arrangements for specialist settings the allocation of the Teacher Pay Grant (TPG) and the Teacher Pension Grant (TPECG), in response to these grants being transferred into the High Needs Block. Prior to this, these grants were allocated to providers separately and in addition to place-plus funding.

We propose to continue to allocate these monies in 2024/25, as we have done in 2023/24, on a place-led basis. Unlike main place-element funding however, the Authority will continue to allocate these monies to academies as well as to maintained schools and to PRUs.

4.13 Allocation of High Needs Block balance to Overspend **- £21,620**

The 2024/25 High Needs Block planned budget, as proposed, overspends the 2024/25 High Needs Block income by £21.620m. It is not possible to apportion this overspending to the individual delegated expenditure lines that are listed in paragraphs 4.3 to 4.12, and so is shown here as a single sum.

5. ALLOCATED TO NON-DELEGATED BUDGETS (£000)

Total Allocated to non-delegated Budgets £16,849

Broken down as follows:

The School and Early Years Finance (England) Regulations (as amended) have, over time and in preparation for National Funding Formula, altered the treatment of non-delegated items and contingencies. These Regulations require a greater proportion of the DSG to be delegated to schools, academies and to other providers and also require that the Schools Forum makes recommendations (and some decisions) for permitted centrally managed items, individually and, in some cases, on a phase-specific basis.

5.1 Schools Block non-delegated budgets **£1,740**

A total of £1.740m is recommended to be held within the Schools Block for the following purposes. Please note that some of the monies below that are initially retained will actually be delegated to schools and academies during 2024/25.

- £0.790m for items de-delegated from maintained primary and secondary schools.
- £0.950m of provision for new growth (pupil numbers expansions in secondary maintained schools and academies) at September 2024. The cost of growth, in both the primary and secondary phases, will be supported by the balance that will be brought forward from 2023/24. Please see section 7.
- £0.000m for the Falling Rolls Fund for the primary phase, to support eligible primary schools and primary academies that are managing 'blips' in pupil numbers, where their surplus capacity is forecasted to be filled within 3-5 years. Any cost of the Falling Rolls Fund in 2024/25 will be met from the balance that will be brought forward from 2023/24, rather than by taking new budget from the 2024/25 Schools Block. Please see section 7.

5.2 High Needs Block non-delegated budgets **£9,808**

A total of £9.808m is recommended to be held centrally within the High Needs Block for the following purposes:

- £6.547m for Local Authority centrally managed SEND teaching support services.
- £1.710m for the Authority's home tuition and education in hospital provision for children and young people not able to access school for medical reasons.
- £1.013m for the DSG's contribution to the Affordability Gap for Building Schools for the Future for special schools / academies.
- £0.538m of smaller budgets, including copyright licences for special schools and

PRUs, speech and language therapy services and specialist equipment.

(£000)

5.3 Early Years Block non-delegated budgets **£1,673**

A total of £1.673m is recommended to be held centrally within the Early Years Block for the following purposes:

- £0.891m for the Early Years Block's contribution to early years high needs support services, including portage and the Area SENCOs function that is managed by the Authority in respect of Private, Voluntary and Independent providers.
- £0.562m to support the cost of the Local Authority's capacity to support the delivery of the Authority's early years function and entitlement arrangements, focusing, in particular, on communication, provider sustainability, quality, compliance and on the processes that are required for the effective delivery of the Early Years Single Funding Formula, in support of parents and providers.
- £0.123m to continue maintained nursery school access to relevant agreed 'de-delegated' funds.
- £0.097m continuing charge for copyright licences.

5.4 Central Schools Services Block **£3,628**

The £3.628m is recommended to be allocated as follows:

- £0.013m Schools Forum costs.
- £1.066m Pupil Admissions.
- £1.579m Statutory Duties delivered by the Authority on behalf of all state funded schools, including academies.
- £0.332m Copyright Licences Schools Block, on behalf of primary and secondary maintained schools and academies.
- £0.540m Education Access Officers.
- £0.157m to support the Local Authority's statutory education services planning (places planning) and consultation function.
- Minus £0.059m. The 2024/25 Central Schools Services Block planned budget, as proposed, overspends the 2024/25 Central Schools Services Block income by £0.059m. It is not possible to apportion this overspending to the individual delegated expenditure lines that are listed, and so is shown here as a single sum.

6. ALLOCATION OF BALANCES BROUGHT FORWARD (ONE OFF) (£000)

Total allocated on a one off basis in 2024/25 £22,933

The £22.933m is made up of the following 4 recommended allocations:

- High Needs Block: £21.620m, which is to be allocated into the 2024/25 High Needs Block planned budget in order to fully afford the expenditure that we estimate we will incur in supporting high needs children and young people, including the cost of our proposed delegated funding models, placements and the creation of new specialist places.
- Schools Block: minus £0.008m, which is the estimated value of underspending in the 2024/25 Schools Block, proposed to be added to Schools Block reserves.
- Early Years Block: £1.262m, which is earmarked to support the estimated cost of our Early Years Single Funding Formula (EYSFF) in 2024/25, as set out in Appendix 4. The £1.262m specifically relates to the issue of the funding of the new Under 2s Working Parents entitlement for the period September 2024 to March 2025, where we will fund providers for 26 weeks of delivery but where the DfE so far has indicated that it will only fund for 22 weeks of delivery. We met with the DfE to discuss this issue in December, and we await information on the DfE's position. It is now clear that other authorities are raising the same issue with the DfE, so we remain positive that this issue may be resolved. However, at this time for the purposes of setting the planned budget, we cannot guarantee this and so we should assume that the matter will not be resolved and that we will need to deploy reserve balances. If the matter is resolved in our favour, we will not deploy this value of reserves in 2024/25.
- Central Schools Services Block (CSSB): £0.059m, which is allocated to support the full cost of CSSB expenditure.

7. AMOUNT NOT ALLOCATED IN 2024/25 (€000)

Total amount not allocated in 2024/25 €7,042

One of the mitigating actions that we can take in our management of our DSG account is to assert that non-ringfenced reserves that are held at the end of the 2023/24 financial year are 'pooled' to offset / to support the management of the currently forecasted High Needs Block deficit. The DSG Regulations permit balances to be used across all the blocks. What we have established up to now is a local informal block ring-fencing policy, where we separate our total DSG reserve into the 4 different blocks. The Authority's general position also leans towards the retention of balances, meaning that we do not seek to allocate balances for the purposes of increasing levels of spending in 2024/25 above what they would 'naturally' be. The 2024/25 planned budget that is presented in this report follows this approach.

The €7.042m of balance forecasted to be retained at the planned budget stage / carried forward into 2024/25 is made up of the following sums.

Schools Block €3.303m:

- €1.149m of Growth Fund balance, which is ring-fenced to support additional costs of pupil numbers growth in 2024/25 and on-going. The Authority also recognises that new flexibilities (for the management of growth, falling rolls and 'surplus places') are expected to be brought into Schools Block arrangements in the future, following the most recent DfE National Funding Formula consultation. Falling rolls is also a significant issue for the primary phase, in particular, and we take the view that we would wish to see how the expected new flexibilities could be used before committing the Growth Fund balance (as well as the Falling Rolls Fund Balance – see below) elsewhere to more general formula spending. This balance is also retained pending further conversations about the pooling of reserves as a mitigating action in response to our forecasted High Needs Block deficit.
- €0.500m retained as the ring-fenced balance for the primary-phase Falling Rolls Fund. Whilst a report on the position of this fund (on allocations to schools and academies in 2023/24) will be presented to the Schools Forum in March 2024, we anticipate that there won't be any allocations. The €0.500m balance therefore, is expected to be held in support of the cost of potential allocations to be agreed in 2024/25, as no new budget for this fund has been taken from the 2024/25 Schools Block. This balance is also retained pending further conversations about the pooling of reserves as a mitigating action in response to our forecasted High Needs Block deficit.
- €0.625m of balance ring-fenced to de-delegated funds for maintained schools. An amount of this balance (estimated €0.100m) is earmarked to be released in 2024/25 to support the cost of contribution to the maternity / paternity insurance scheme. On this basis, it is estimated that the balance of de-delegated funds held within the Schools Block at the end of the 2024/25 financial will reduce to €0.525m. However, this is prior to the inclusion of a proportion of the additional €0.934m 'Schools in Financial Difficulty' DSG funding that the Local Authority has been allocated in respect of maintained schools in 2023/24. The intention is that

any remaining funds are carried forward to be added to the balance of the Exceptional Costs and Schools in Financial Difficulty de-delegated fund and to be allocated to continue to support maintained schools from April 2024.

- £1.029m resilience reserve. This sum is effectively the remaining unallocated balance within the Schools Block. This balance is retained pending further conversations about the pooling of reserves as a mitigating action in response to our forecasted High Needs Block deficit.

Early Years Block £2.593m:

- £0.072m of balance ring-fenced to de-delegated funds for maintained nursery schools.
- £0.545m retained and earmarked for the Disability Access Fund (DAF). This balance is also retained pending further conversations about the pooling of reserves as a mitigating action in response to our forecasted High Needs Block deficit.
- £1.976m retained to be used in support of the cost, including any unexpected or higher than expected cost, of the Early Years Funding Formula (EYSFF) in 2024/25 and going forward. A significant amount of change is being absorbed in 2024/25 and much of the planned budget is calculated on estimates of costs relating the new entitlements. In this context, we feel that it is prudent to hold reserve. We also highlight that the 26 weeks vs. 22 weeks funding issue may also be present in 2025/26 as the new entitlements extend to 30 hours from September 2025. We estimate that, if this is not properly funded, we will have a further £2.1m of unfunded cost in 2025/26. Subject to the DfE's resolution, this matter would need to be a first call on all Early Years Block reserves that will be carried forward into 2025/26. Again, in this context, we feel that it is essential to hold the estimated £1.976m in reserve at this time. This is also important pending further conversations about the pooling of reserves as a mitigating action in response to our forecasted High Needs Block deficit.

High Needs Block £1.026m:

- Our updated DSG Management Plan, which was presented to the Schools Forum on 10 January (in Document RB – please see background documents), included a future year estimate of the High Needs Block. This estimate currently clearly indicates the continuation (and acceleration) of a substantial overspending in our High Needs Block. We currently estimate that we may overspend our 2024/25 High Needs Block allocation by £21.620m, meaning that the High Needs Block surplus balance that is projected to be held at the end of the 2023/24 financial year may largely be spent by the end of the 2024/25 financial year. For the purposes of the planned budget, based on estimates, only £1.026m of this reserve is recorded as remaining to be carried forward in 2025/26. So, the principal call on this remaining balance will be meeting the cost of the 2024/25 planned High Needs Block as is currently estimated.

- The Authority does not plan any other use of the High Needs Block surplus balance at this time. The planned budget is constructed on a series of estimates and we try to take a prudent approach to these estimates, meaning that we would, alongside our work on new mitigating activity, seek to see an improvement in the budget position and a lower call on reserves in 2024/25. However, the first call on reserves will be meeting in year the cost of any change, as well as supporting any unexpected costs that may arise across 2023 and 2024 after the planned budget for 2024/25 has been agreed.

Central Schools Services Block £0.120m:

- £0.120m is retained in support of Central Schools Services Block expenditure in future years and also pending further conversations about the pooling of reserves as a mitigating action in response to our forecasted High Needs Block deficit.

8. FINANCIAL & RESOURCE APPRAISAL

This appraisal is given throughout this report. The table provided in paragraph 1.4 demonstrates that a Schools Budget with the significant use of DSG reserves, but with our DSG account remaining in surplus at the end of the 2024/25 financial year, is put forward for the Council's approval.

This report, however, provides warning of deficit after 2024/25. A deficit in our DSG account is potentially significant for the Council's overall financial position. There is a national 'statutory override' accounting mechanism, however, which is currently in place to the end of the 2025/26 financial year. The override is in place in recognition of the pressure that high needs spending has created within local authority DSG accounts. This override concerns the treatment of deficit DSG balances. Through the statutory override, cumulative deficit DSG accounts are ring-fenced and are 'set aside' from local authority general fund reserves, meaning that deficits are carried forward to be managed only by using DSG funds in future years and that authorities do not currently need to make provision for these from their general reserves. The impact of this override not being in place would be that DSG deficits would be added to local authority general fund reserve balances, which would have implications for the wider financial positions of local authorities and for how DSG deficits would need to be managed, using authority general fund reserves alongside / in addition to / rather than DSG funding. We must consider the position of the override (and that it is currently only confirmed to be in place until the end of the 2025/26 financial year) within our medium term DSG and Council budget financial planning and especially within our High Needs Block deficit mitigation planning.

The forecasted position of our DSG account will continue to be presented within the Council's Medium Term Financial Plan.

9. RISK MANAGEMENT AND GOVERNANCE ISSUES

If the allocations set out in this report are not fully agreed by Elected Members, then representations must be made to the Schools Forum. In the event that agreement cannot be reached with the Schools Forum, for certain items, the Council must refer the matter to the Department for Education (DfE).

10. LEGAL APPRAISAL

The School Standards and Framework Act 1998 deals with the financing of maintained schools. Section 47(A) of the Act requires that every local authority must, in accordance with regulations, establish for their area a body to be known as a schools forum. The purpose of a schools forum is to advise the local authority on such matters relating to the authority's schools budget as may be prescribed by regulations. Local authorities must have regard to advice given by schools forum and or consult them on certain matters before taking prescribed decisions.

Schools forums generally have a consultative role and some decision making powers in relation to school budget functions. The role of the Local Authority is to make

proposals to the Schools Forum on those matters, which the Schools Forum can decide, and to consult the Schools Forum annually in connection with various schools budget functions. Where the Schools Forum and the Local Authority are in disagreement about proposals made by the Authority, the Secretary of State for Education will adjudicate in certain circumstances.

The School and Early Years Finance (England) Regulations 2024 are made under Chapter 4 of Part 2 of the School Standards and Framework Act 1998. These Regulations provide instruction on how local authorities are to set their education budgets in the 2024/25 financial year. They set the parameters that local authorities must abide by in determining schools' budgets, and the budgets, which are allowed to be retained centrally. They also set out how local authorities are to allocate funding to maintained schools and private, voluntary and independent providers of free early years provision through locally determined funding formulae. The Department for Education makes these Regulations annually; the 2024 Regulations will apply only to budgets for the 2024/25 financial year.

At the end of the 2024 to 2025 financial year the Chief Finance Officer (CFO) is required to append an additional note to the statement of accounts confirming the deployment of the DSG in support of the schools budget as required by the Accounts and Audit (England) Regulations 2015. The CFO is also required to confirm the final deployment of the DSG in support of the schools budget.

The National Funding Formulae ("NFF") determine local authority Dedicated Schools Grant (DSG) allocations. These were introduced in 2018/19 for schools, high needs and central school services; and in 2017/18 for early years. The schools NFF calculates notional school-level allocations, which are aggregated to form local authorities' school funding within the DSG. The introduction of the NFF is in line with reforms by the Department for Education to make the funding system simpler, fairer and more transparent.

The core basic structure of the schools national funding formula has not changed for 2024/2025. The National Funding Formula for schools and high needs 2024/25 contains some formula and technical changes, which are highlighted in the body of the Report. The Government has announced the intention to implement a direct schools NFF in the future (by the 2027/28 financial year at the latest), whereby mainstream primary and secondary schools will receive what they attract through the national formula, rather than through different local authority funding formulae. Local authorities will be required annually to bring their own formulae closer to schools NFF. However, for 2024/25, local authorities will continue to determine schools' budget share allocations at a local level through a local funding formula.

11. OTHER IMPLICATIONS

11.1 SUSTAINABILITY IMPLICATIONS

There are no direct implications resulting from this report.

11.2 TACKLING THE CLIMATE EMERGENCY IMPLICATIONS

There are no direct implications resulting from this report.

11.3 COMMUNITY SAFETY IMPLICATIONS

There are no direct implications resulting from this report.

11.4 HUMAN RIGHTS ACT

There are no direct implications resulting from this report.

11.5 TRADE UNION

There are no direct implications resulting from this report.

11.6 WARD IMPLICATIONS

There are no direct implications resulting from this report.

11.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

This appraisal is given in the equalities impact assessment at Appendix 1 and throughout the report.

11.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

There are no issues resulting from this report.

12. NOT FOR PUBLICATION DOCUMENTS

None.

13. OPTIONS

Please see the recommendations below.

14. RECOMMENDATIONS

14.1 It is recommended that the Executive asks Council to:

- a) Accept and approve the proposals for the allocation of the 2024/25 Dedicated Schools Grant, as set out in this report.**
- b) Approve the total amount of £759.852m to be appropriated in respect of all schools covered by the Bradford Scheme for the Local Management of Schools, so as to establish the Individual Schools Budget for 2024/25.**

- c) **Note the forecasted High needs Block financial position as set out in the report and that Council raise with central Government the need for additional future funding for this area.**

15. APPENDICES

- Appendix 1 – Equalities Impact Assessment.
- Appendix 2 – Local Authority Funding Reform Pro-Forma 2024/25 (Schools Block).
- Appendix 3 – Banded Model for EHCP Top-Up Funding (High Needs Block).
- Appendix 4 – Early Years Single Funding Formula 2024/25 (Early Years Block).

16. BACKGROUND DOCUMENTS

- [Decisions List of the Schools Forum meeting 10 January 2024](#) (link to webpage)
- [Consultation on the High Needs Funding Model 2024/25](#) (link to webpage)
- [Consultation on the Early Years Single Funding Formula 2024/25](#) (link to webpage)
- [Consultation on Schools Block Funding Arrangements 2024/25](#) (link to webpage)
- [SEND Places Sufficiency Report](#) (Document QT within 6 December Schools Forum reports)
- [High Needs Block DSG Management Plan](#) (Document RB within the 10 January Schools Forum reports)
- Section 151 Officer's Report – 5 March 2024

Appendix 1 – Equalities Impact Assessment

In addition to this summarised equalities impact assessment, a fuller assessment of our formula funding proposals was included in each of the consultation documents that were published in the autumn (please see the links to these in the background documents section of this report).

Schools Block

We assess that our proposals will have a positive impact on equalities. The arrangements proposed for 2024/25 financial year retain a significant amount of continuity on current practice, Dedicated Schools Grant distribution and formula funding policy and methodology. At its centre, the Local Authority has previously determined, and continues to propose, to exactly mirror the DfE's National Funding Formula (NFF) for the calculation of mainstream primary and secondary maintained school and academy delegated allocations in Bradford. As such, our equalities impact assessment of our guiding Schools Block formula funding policy for 2024/25 is neutral (representing no change on current positive practice) and continues to align with the DfE's in respect of its [National Formula Funding policy](#) and its already identified positive impact on the funding of children and young people that share protected characteristics. Behind the guiding NFF mirroring policy, the values of all formula funding factors are proposed to be uplifted in 2024/25. These uplifts are assessed to have a positive impact on the funding of all pupils. These uplifts will have a positive impact on the funding of children and young people that share protected characteristics related to disability (SEND) and race (ethnicity), for which schools and academies receive additional funding through the Additional Educational Needs (AEN) formula factors that use measures that correlate with these protected characteristics. Funding allocated through the AEN formula factors, based on the October 2023 data, is increased. This includes: an additional £0.358m allocated through the Free School Meals (FSM) factors as a result of the increase in FSM numbers compared with the numbers recorded at October 2022; an additional £0.332m allocated through the English as an Additional Language factor; and an additional £0.801m through the Low Prior Attainment Factor.

In setting the School's Budget for 2024/25, Council is asked to approve that the Minimum Funding Guarantee (MFG) for primary and secondary maintained schools and academies is set at positive 0.5%, which is the maximum permitted by the Regulations. The purpose and consequence of this proposal is to uplift the funding of maintained schools and academies that remain on the MFG. 19% of schools / academies are on this in 2024/25. This is to ensure that funding is available to these schools / academies to use in support of all pupils, including those that share protected characteristics. 81% of schools / academies remain funded above the MFG.

The Minimum Levels of Per Pupil Funding (MFLs) are increasing by 1.4%. This is a mandatory uplift, not for local determination. The DfE has assessed that this uplift will have a positive impact on equalities.

We assess that incrementally amending our definition of Notional SEND budgets within mainstream primary and secondary formula funding allocations, as encouraged by the DfE and to bring us more in line with the common national picture in the lead up to the hard National Funding Formula, continues to support schools and academies to make effective provision for pupils with additional educational needs and with Special Educational Needs

and Disabilities. It is important to stress however, that the adjustment of the Notional SEND definition does not materially change the value of formula funding that an individual school or academy receives.

High Needs Block

We assess that our high needs funding proposals will have a positive impact on equalities. The arrangements proposed for the 2024/25 financial year retain a significant amount of continuity on current practice, Dedicated Schools Grant High Needs Block distribution and formula funding policy and methodology. As such, our equalities impact assessment of our guiding High Needs Block formula funding policy for 2024/25 is neutral (representing no change on current positive practice).

Council is asked to approve the continued application of the EHCP Banded Model, which was first introduced at April 2020. The impact of this model, on the funding of schools, academies and on other providers for all children and young people with EHCPs, is assessed to continue to be entirely positive. The Banded Model continues to improve the way schools and providers in Bradford are funded for children and young people with SEND with EHCPs. Although it cannot be evidenced at this stage that our change in funding model at April 2020 has directly advanced equality of opportunity for children and young people that share a protected characteristic, it is expected that this model will support this. Council is asked to approve further uplift in 2024/25 of the values of top-up funding allocated by the EHCP Banded Model, as well as by the Day Rate Model for PRUs / Alternative Provision Academies. This means that the funding of all high needs children and young people, who are supported by these models, will increase on current values. A minimum 1% increase in all top-up funding rates (when place-element / Element 2 funding is included) is higher than the floor increase of 0.5% that the DfE has funded for mainstream schools and academies through the Schools Block settlement. Under our proposals, the funding received by special schools and special school academies will exceed the requirements of the DfE's Minimum Funding Guarantee. The proposed uplifts in 2024/25 should be viewed in the context of the very significant increases that have been applied to these models in recent years. The uplifts should also be viewed in the context of the Authority's prioritisation of the increase in High Needs Block funding in 2024/25, towards the further expansion of specialist places capacity (securing appropriate provision for high needs pupils) and of meeting the cost of the growth in the numbers of children and young people in Bradford with EHCPs via the allocation of additional top-up funding.

Council is asked to approve the continuation of the SEND Funding Floor, which was first introduced for 2021/22. As well as continuing to support provision for pupils with EHCPs, this approach will continue to protect the funding used by mainstream schools and academies to support their wider Additional Educational Needs (AEN), SEND and Alternative Provision (AP) activities. The Floor financially supports mainstream schools and academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools and academies that may have lower levels of AEN formula funding and that may be smaller in size. It supports schools and academies that may have some turbulence in formula funding as a result of in year pupil numbers changes. The impact of the Floor is assessed to continue to be positive. With the substantial growth in the number of pupils with EHCPs in mainstream settings, in addition to the Floor, more high needs funding is already being allocated (and will continue to be allocated) to the mainstream sector in support of high needs pupils, in the form of additional top-up funding.

Whilst the thresholds are increased from 2% to 3% above median (as consulted on in autumn 2022), the Floor still represents a very substantial SEND funding support mechanism for the mainstream sector.

Early Years Block

We assess that our proposals will have a neutral to positive impact on equalities. This is because the arrangements that the Local Authority proposes in this consultation for the 2024/25 financial year retain a significant amount of continuity on current positive practice, and new arrangements have been established on long-standing principles, including being based previously explained planned changes.

We propose to uplift the Base Rates of funding for providers delivering the existing 2-years-olds Disadvantage and 3&4-years-olds entitlements by 2.7% and 4.4% respectively on the 2023/24 Early Years Supplementary Grant enhanced rates. These uplifts continue to support the delivery of these entitlements. Maximising the uplifts of these Base Rates annually for all providers supports universal good quality provision for all children.

We propose to continue to fund the existing 2-years-olds Disadvantage entitlement using a higher Base Rate (than used for the new 2-years-olds Working Parents entitlement). This provides continuity and stability in the delivery of this entitlement and supports maintaining sufficiency of places.

We propose to establish new arrangements for the new Under 2s and 2-years-olds Working Parents entitlements, using a Base Rate alongside a Deprivation & SEND Supplement, with this Supplement targeting additional funding to support providers to meet the additional needs of children from more deprived backgrounds, also recognising the correlation between levels of deprivation and of SEND.

We propose to fully continue the protection of maintained nursery schools, with this protection adjusted to consolidate the additional funding streams that nursery schools have received in 2023/24. As the numbers of children with SEND and from more deprived backgrounds is typically higher in the maintained nursery schools sector, this protection continues to support provision for these children.

The Early Years Pupil Premium (EYPP) and the Disability Access Fund (DAF), extended across all the entitlements, will continue to complement the Early Years Single Funding Formula and will provide additional funds to support children with SEND, as these have done in 2023/24. We propose to continue our current approach to our Early Years Inclusion Fund (EYIF), which is in place specifically to support early years entitlement children with lower level and emerging SEND. Building on this approach, we propose to pilot a new process for EYIF, with the aim of further improving how providers access this funding and how the Authority monitors its impact. The Early Years Block is having to absorb the significantly increased cost of EYIF allocations, due to the increase in provider applications. More EYIF funding is now being allocated out to providers than in previous years.

We do propose to take the previously identified and planned 'third and anticipated final step' to reduce our spending on our Deprivation & SEND Supplement within our 3&4-years-olds entitlements EYSFF down to the average spending level of our statistical neighbours (from 7% to 5%). Our current spending position is 'out of line', when we look at benchmarking,

and we assess that we are not able to sustain this position within the finite resources of the Early Years Block. In this context, the primary purpose of the proposed reduction in % spending is to enable us to sustain Base Rate funding for all providers. If we do not reduce Deprivation & SEND Supplement spending, to come more in line with the average of spending in other authorities, we will not be able to afford the Base Rate for the 3&4-year-olds entitlements that we propose. This would impact on the funding that all providers receive, including those in receipt of the Deprivation & SEND Supplement. Within our assessment of the impact of this proposed change, we stress that, whilst Deprivation & SEND Supplement funding is proposed to be reduced, DAF and EYPP funding streams are continuing and are being uplifted in 2024/25, and EYIF is continuing unchanged. These specific additional deprivation and SEND-focused funding streams are also being extended across all the entitlements. We also specifically identify that the proposed increase in the 3&4-year-olds entitlements Base Rate for all providers exceeds the median average of losses in Deprivation & SEND rate funding. We also stress that this proposal does not affect the funding of maintained nursery schools. These schools will continue to have their 'historic' Deprivation & SEND Supplement rates protected (and uplifted), as expected by the DfE and using the specific Maintained Nursery School Supplement.

We do propose to discontinue the Employer's Contribution to Teacher Pensions Supplement within the 3&4-years-olds entitlements EYSFF. Benchmarking against the average of other local authorities informs this proposal, as does the focus on increasing the Base Rate for all providers in the context of current financial pressures and the increases in salaries costs across the sector (including the increase in the National Living Wage). Whilst this proposal has the direct effect of reducing the rates of funding for the delivery of the 3&4-year-olds entitlements in nursery classes in maintained primary schools and academies, a proportion of this directed back to nursery classes through the Base Rate and, if we did not discontinue the Supplement, we will not be able to afford the Base Rate that we propose in support of all providers. Whilst we recognise that our proposals reduce the funding rates that are allocated for nursery classes, at a time when salaries costs are increasing, we take the view that these proposals will bring us more in line with the benchmarked positions that are currently found in other authorities and will contribute to the sustainability of the whole early years sector in the context of the current financial pressures and of the limitations of the finite Early Years Block budget that we work within. We also recognise that, for maintained primary schools and academies with nursery classes, whole school costs, such as business rates (NNDR) and school-leadership, remain fully funded within the primary-phase National Funding Formula. In our assessment, we also highlight that the DfE has recently published a [piece of research](#) on the achievement of economies of scale, which estimates that school-based providers have the greatest economies of scale from increasing the number of hours delivered, in regards to their costs per hour of childcare.