

**2017/18 Financial Year Dedicated Schools Grant Recommendations and Decisions List**

This paper lists the key recommendations and decisions the Schools Forum is asked to make in allocating the 2017/18 Dedicated Schools Grant (DSG) and available one off monies (under spending within the current DSG). It should be considered alongside the key options paper Document HA Appendix 2.

**1. Schools & Early Years Blocks Central and De-Delegated Items 2017/18**

1.1 All Schools and Academy Members - to agree the contributions to central items as per Document HC and its appendices 1 and 2 for the 2017/18 financial year (VOTE BY PHASE):

- a) **Schools Forum Costs:** proposed to continue at the 2016/17 value.
- b) **School Admissions:** proposed to continue at the 2016/17 value.
- c) **DSG Matched Contribution to School Improvement:** proposed to ratify the decision already made by the Schools Forum on 6 January 2016, to
  - a. Continue for the period 1 April 2017 to 31 August 2017 at reduced values (the values for the period 1 April 2015 to 31 August 2015 reduced by 25%).
  - b. Cease at 31 August 2017, with the sums released to Primary, Secondary and Early Years delegated budgets in 2017/18 and 2018/19.
  - c. On this basis, the value of the DSG's Contribution to School Improvement and Early Childhood Services reduces to £482,426 in 2017/18 and then £0 in 2018/19. This increases the unadjusted values (prior to adjustments for DSG affordability) of the base amount per pupil in the 2017/18 formulae by £11.56 (primary), £5.04 (secondary) and per hour by £0.014 (early years 3 and 4 year old setting base rates).
- d) **Education Services Grant Centrally Retained Duties:** proposed to passport in full to the Local Authority's budget the ESG Centrally Retained Duties Grant that has been transferred into the DSG Schools Block, at £1.401m in 2017/18, in support of the statutory duties delivered by the Local Authority on behalf of all state funded schools and academies.
- e) **Early Years Single Formula Adjustments:** proposed to hold a contingency of £200,000 within the EYSFF (Early Years Block) to meet the costs of in year adjustments relating to the termly recalculation of nursery funding and any specific EYSFF exceptional circumstances allocations. This contingency was held in 2016/17 and in previous years.

1.2 Schools Members representing maintained schools only to agree the values of de-delegated funds as per Document HC and its appendices 1 and 2 for the 2017/18 financial year (VOTE BY PHASE):

- a) **ESBD School Support (Primary only):** continue de-delegation from the primary phase at the 2016/17 per pupil value.
- b) **Costs of FSM Eligibility Assessments:** continue de-delegation from both the primary and secondary phases at the 2016/17 per FSM values, with contributions containing to be taken using FSM Ever 6 data.
- c) **Fisher Family Trust:** a final decision is to be taken with reference to the additional information presented in Document HC following from the initial discussion on 7 December. A decision is needed for both the primary and secondary phases. De-delegation will be at actual cost of the FFT licence.

- d) **Trade Union Facilities Time – Negotiator Time:** continue de-delegation from the early years, primary and secondary phases at the 2016/17 per pupil values.
- e) **Trade Union Facilities Time – Health and Safety Time:** continue de-delegation from the early years, primary and secondary phases at the 2016/17 per pupil values.
- f) **School Maternity / Paternity ‘insurance’ fund:** continue de-delegation from early years (nursery schools) and primary phases at a value forecasted to afford the scheme for a full year and repay the 2016/17 overspending. Cease de-delegation for / access to this scheme for the secondary phase at 1 July 2017 (so no new claims after 1 July but with existing claims honoured until these expire), with a full year de-delegation contribution initially taken and an end of year reconciliation of cost with reimbursement back to contributing schools (where necessary).
- g) **School Staff Public Duties and Suspensions Fund:** continue de-delegation from the early years (nursery schools) and primary phases for a full year, providing a total budget of £40,000. Cease de-delegation from the secondary phase for this purpose from April 2017 (meaning that no fund will be available to the secondary phase in 2017/18).
- h) **School Re-Organisation Costs (Safeguarded Salaries):** continue de-delegation from both the primary and secondary phases for the actual cost of continuing safeguarded salaries.
- i) **School Re-Organisation Costs (Sponsored conversions budget deficits):** de-delegate from the primary phase to provide a sum of £150,000 that will be available to meet the cost of deficit balances of primary schools that convert to academy status under sponsored arrangements during 2017/18. The Schools Forum to be provided with in year monitoring reports where this provision is used.
- j) **Exceptional Costs & Schools in Financial Difficulty:** continue de-delegation from the primary phase to provide a budget of £100,000. Cease de-delegation from the secondary phase for this purpose at 1 April 2017 (meaning that no fund will be available to the secondary phase in 2017/18).

1.3 Schools Members representing maintained schools only to agree the **principles behind the management of the de-delegated funds** listed in paragraph 1.2:

- a) Funds set for 2017/18 will continue to be managed by the Schools Forum. The Forum will be provided with monitoring reports during the year, especially showing the impact of further conversions of maintained schools to academy status between April and September.
- b) Any over or under spending against these 2017/18 funds will be written off from, or added back to, the DSG’s de-delegated funds in 2018/19 on a phase specific, fund specific, basis i.e. if primary schools overspend in the maternity / paternity insurance scheme fund the value of the fund created through de-delegation in 2018/19 will need to compensate for this.
- c) These decisions set the position for the 2017/18 financial year only. All de-delegated funds are required by the Regulations to be reviewed for 2018/19. It is expected that de-delegation will be required to cease across all areas at 1 April 2019.

*For information only - please note that the Local Authority is not putting forward proposals for additional de-delegation from maintained schools in 2017/18 for school improvement activities or for the replacement of funding lost from the cessation of the ESG General Rate.*

## 2. Growth Fund Allocations 2017/18

2.1 **To agree the allocations from the Growth Fund for existing & known expansions and bulge classes** in 2017/18, as per Document HE Appendix 1. There are 27 allocations at a total cost of £1,639,427. 24 are Primary schools or Primary academies. There are 3 allocations to secondary academies, 2 of which are funded from one off monies as agreed - Bradford Forster Academy £324,385, which are the final 2 years of the diseconomies of scale post opening support (it is proposed to pay the full 2 year value in 2017/18);

Beckfoot Upper Heaton Academy £500,000, which is an estimate of the year 3 cost of growth support. To clarify, £824,385 of the £1,639,427 shown in Appendix 1 is funded from one off monies.

**2.2 To agree for an additional planned budget of £980,000 to be held for new in year allocations** for both Primary and Secondary schools and academies. This planned budget is split £300,000 Primary and £680,000 Secondary. The District's expansion has now reached year 7. £300,000 will fund an additional 7.5 forms of entry in primary reception. £680,000 will fund approximately 12 additional year 7 forms of entry in secondary at September 2017. These are broad forecasts of potential costs. All new in year allocations from the Growth Fund will be agreed by the Forum prior to confirmation with the receiving school (a requirement of the Regulations). Growth Fund allocations will continue as a standing Forum agenda item to enable this.

*For information only – please note that the £980,000 provision has been considered in the context of how explicit in year growth is to be funded by the DfE in the transition to National Funding Formula across 2018-2020. Local authorities are likely to receive funding on a lagged basis i.e. our 2018/19 allocation will be based on our planned spending in 2017/18. In this context, and as we know that the cost of growth in the secondary phase will increase from this point, we are concerned not to under estimate our cost in our 2017/18 planned budget.*

*For information only - please note that the Schools Forum agreed the criteria for the allocation of the Growth Fund in 2017/18, following consultation, on 19 October 2016.*

### **3. The High Needs Block 2017/18**

*3.1 For information only - please note that the Schools Forum on 7 December (Document GX) was presented with the outcomes of the consultation on the High Needs Block Funding Model for the 2017/18 financial year, a list of proposals for managing cost pressures in the High Needs Block and a full list of initial planned places to be commissioned by the Local Authority in 2017/18. The Forum did not make final recommendations on any aspect of High Needs Block funding at the December meeting, so a full starting set of recommendations is listed here. However, final recommendations will be taken in the light of the options set out in Document HA Appendix 2, which require further discussion. Hence it is not possible to set out final proposals in this pre-written report.*

3.2 The **starting proposals for the High Needs Block** for 2017/18 are:

- a) To retain all current budget allocations within the High Needs Block in the 2017/18 financial year unless otherwise specifically stated. This is done on the understanding that the review and re-commissioning of SEND teaching support services may mean that centrally managed budgets are re-aligned during the financial year.
- b) To retain the existing structure of the High Needs Funding Model (Place-Plus) to calculate delegated allocations for the 2017/18 financial year but with the following amendments, as set out in section 6 of the consultation paper:
  - o To adjust the cash budget protection factor applied to special schools, DSPs and the primary behaviour centres, so that this factor limits a setting's reduction in Place-Plus funding to 3.0% of last year's allocation. Currently, this factor limits the reduction to a maximum of 1.5% of last year's allocation. Indicatively, this reduces the cost of this protection by £131,000.
  - o To establish at April 2017 a small setting funding factor for resourced provisions attached to mainstream settings, which would be applied for the funding of DSPs (not ARCs) and the primary behaviour centres. We propose this as a temporary measure, with future proposals to be considered as part of the wider review of the District's provision and funding model (in the context of National Funding Formula). Indicatively, this increases the cost of provision by £399,000.
- c) To calculate the initial planned cost of High Needs Block spending in 2017/18 on the allocation of **places**

for Bradford-located settings outlined in Document HE Appendix 2. This includes adjustments related to unfilled places that are explained in Document HA Appendix 2. This also includes the 2<sup>nd</sup> tranche of additional places to be initiated from September 2017 (120 SEND and 20 SEMH).

- d) To help support meeting the funding gap in the overall DSG that is the result of the growth in pressure in the High Needs Block, and to continue to secure efficient use of monies, by making the following **adjustments**:
- To reduce the rates of Top Up in the HNB Funding Model for all Place-Plus calculated budgets by the same % that the Primary and Secondary variables are reduced by in order specifically to meet the funding gap, up to a maximum of 1.5%. That the values of Top Up for each Range are reduced by the same %. Indicatively, at 1.5%, this notionally (and before any cash budget protection) reduces the cost of top up in specialist settings by £299,000.
  - That the same % reduction (up to a maximum of 1.5%) is made to all centrally managed / non-Place-Plus HNB budgets. Indicatively, at 1.5%, this reduces the cost by £120,000.
  - That the variable values of the mainstream SEN Funding Floor are also reduced by 1.5%. This reduces estimated cost by £15,000.
- e) The **Early Years Block will make a contribution of £300,000** in 2017/18 to match fund the existing High Needs Block budget of £300,000. This will create a total budget of £600,000 for Early Years SEND Inclusion in 2017/18. How this budget is to be allocated, building on current practice, will be considered by the Early Years Working Group, with recommendations to be presented to the Schools Forum in March. We will then need to consult with providers. It is likely that this budget in the medium to longer term will need to be quite significantly increased to appropriately respond to demand. It is anticipated then that the contribution from the Early Years Block in future years will increase alongside the contribution from the High Needs Block.

3.3 The Schools Forum should refer to the options set out in Document HA Appendix 2 in making its final recommendations on the High Needs Block.

*For information only – please note that, although a number of high needs budgets are based on estimates of spending growth, there is no unallocated reserve within the 2017/18 High Needs Block planned budget. In previous years, we have held a reserve of a value between £200,000 and £400,000 to be available to meet unexpected costs. Such in 2017/18 will need to be managed by either reducing expenditure elsewhere within the High Needs Block or allocating a proportion of the DSG's total reserve (see the next paragraph).*

#### **4. The Allocation of One Off Monies (DSG Underspend)**

4.1 All Forum Members are asked to make recommendations on the allocation of the forecasted £5.798m under spending in the DSG at 31 March 2017, as outlined in Document HB Appendix 2. Members are asked to note that:

- a) Approval is not sought for the allocation of the £75,724 relating to funds to be retained for the same purpose or re-allocated back to delegated budgets in 2017/18 (as this is a requirement of the Finance Regulations). This figure is shown at the bottom of Document HB Appendix 1.
- b) It is not proposed to allocate any one off monies to delegated formula funding budgets in 2017/18.
- c) **£3.544m of the £5.798m is already committed** to be spent after 1 April 2017 by decisions taken by the Schools Forum taken at previous meetings (shown in sections 1 and 2 of Document HB Appendix 2). Members are not being asked to revisit these:

a. Financial Support for Beckfoot Upper Heaton Academy \* £1.938m

b. Post Opening Diseconomies of Scale Funding – Bradford Forster Academy	£0.324m
c. Joint Improvement Investment Fund (balance)	£0.294m
d. Behaviour Support monies	£0.338m
e. Deficit of a Secondary School Converting to Academy Status	£0.650m

*\* please note that this includes £0.35m of additional provision on the expected balance at March 2017 of previously retained funds.*

4.2 Members are asked to approve **the retention of £500,000** to be spent, as recommended by the Early Years Working Group, in 2018/19 to provide some additional protection, for 2018/19 only, against the reduction in funding rates for the 3 and 4 year old free entitlement provision that will come from the DfE's national early years funding reform at April 2018. How the £500,000 will be allocated into the EYSFF in 2018/19 will be further considered by the Early Years Working Group.

4.3 Members are asked to approve the **retention of the remaining £1.753m as the DSG's resilience reserve**. This sum includes provision for financing items under negotiation. £1.753m is 0.4% of the DSG. This reserve is lower than the £3.0m that has been held in recent years. However, please note that the Schools Forum is being asked, in its consideration of the available options, to employ a sum (indicatively £500,000) of this reserve in support of balancing the High Needs Block allocation in 2017/18. If this is agreed, the available DSG resilience reserve would reduce to £1.253m

## 5. Early Years Funding and Pro-Forma 2017/18

5.1 The Schools Forum is asked to agree to **'ring-fence' the Early Years Block** in 2017/18 and to apply this principle in future years. Ring-fencing means that:

- Contributions are not taken from the Early Years Block in support of pressures in any other DSG Block, with the exception of the funding of the Early Years SEND Inclusion budget, where it is expected that the Early Years Block will contribute alongside High Needs Block resources and that the Early Years Block's contribution will increase where spend on Early Years SEND Inclusion increases. It is proposed that the Early Years Block contributes £300,000 to this in 2017/18.
- Increases and decreases in both expenditure and income relating to the Early Years Block are contained within the Early Years Block .i.e. the Early Years Block manages its own pressures.
- Any over or under spending in the Early Years Block in 2017/18, that is not dealt with in 2017/18, will be recycled back into or written off from the 2018/19 Early Years Block. \*
- Within the Early Years Block, the budget for the 2 year old offer is treated discretely from the budget for the 3 and 4 year old offer with a 'passporting' principle applied. This means in 2017/18 that the increase in the 2 year old rate of funding within the DSG is passed on to 2 year old hours providers and that the decrease in the 3 and 4 year old funding rate within the DSG is passed on to 3 and 4 year old hours providers.
- The specific funding added by the DfE into the Early Years Block for the Nursery School Supplement is spent only on supporting our nursery schools. In 2017/18, this funding is utilised in maintaining 2016/17 rates of funding for the delivery of the 3 and 4 year old offer in the nursery schools. \*

*\* For information only – please note that a series of estimates have been made in the 2017/18 Early Years Block calculations related to the DSG income and cost of the extended 30 hours entitlement from September 2017. It is likely therefore, that there will be a level of end of year reconciliation and carry over of either an under or over spending into 2018/19. Please also note that the value of the Nursery Schools Supplement is currently estimated; the DfE has indicated that a 'validation' exercise will take place in early 2017.*

5.2 The Schools Forum is asked to **agree the structure of the Early Years Single Funding Formula (EYSFF) for 2017/18**. With the Forum's agreement, this formula was consulted on in autumn 2016 and a report presented to the Forum on 7 December, with final recommendations being deferred to this meeting. In summary, we have consulted on proposals to calculate allocations for early years providers in the 2017/18 financial as follows:

- a) Using the technical, administrative, payment and counting arrangements, and timetable, that are already established and have been used to calculate and pay allocations in the current 2016/17 financial year. The full details of these arrangements are set out in the Technical Statement. The administration of the extended 30 hours offer from September 2017 will be brought into these existing administrative arrangements.
- b) The 2 Year Old Offer:
  - The simple universal rate of funding per hour for all types of provider, without supplement, will be retained.
  - This rate will be set at the value of the rate the Government funds the Early Years Block (EYB) i.e. 100% pass through of the Government's rate to providers, which has been confirmed at £5.20 in 2017/18.
- c) The 3 and 4 Year Old Offer, incorporating the extended 30 hours entitlement, we propose to:
  - Continue to use 3 different Setting Base Rates (nursery classes, nursery schools and PVI providers). The same rates will be used to fund the 15 and the 30 hour entitlements in each type of setting.
  - Continue our current Deprivation and SEN Supplement, using the 3 year average of Index of Multiple Deprivation (IMD) data. However, we will reduce our total spending from 13.2% of budget currently to 10% of (which is a reduction of about £1.4m), which will reduce the values of Deprivation & SEN funding rates for providers. This is the most significant driver of funding variances for individual providers as well as resulting in a protection of the value of base rates. Please note that we have exercised some caution in calculating the 10% restriction.
  - Cease the separate (and additional) formula funding for looked after children, currently funded at £333 per term (a total spend of £21,600 in 2015/16). Looked After Children will continue to receive additional funding through the Early Years Pupil Premium.
  - Bring the catering supplement for nursery schools into the nursery school setting base rate and deprivation rate funding (this is a technical change that does not change levels of funding allocated to individual schools).
  - Continue Bradford's nursery school sustainability supplement, without reduction, but bring the extended 30 hours into the calculation of this from September 2017.
  - Maintaining 2016/17 rates of funding for the delivery of the 3 and 4 year old offer in the nursery schools (utilising the DfE's specific Nursery Schools Supplement).
  - Reduce 3 and 4 year old funding rates according to the needs of affordability (so that the overall Early Years Block balances for 2017/18) with reference to the expected trajectory of the Government's funding reform. The 2017/18 budget also needs to take account of the additional one off pressure created by the difference between the DfE funding the extended 30 hours at DSG level on a 7/12ths basis for September 2017 to March 2018 and Bradford being required to fund 26 weeks for the same period (26/38ths is greater than 7/12ths).

5.3 To give **final approval to the Early Years Pro-Forma for 2017/18**, using the draft Pro-forma outlined in Document HD Appendix 5 as a guide. This pro-forma sets out the proposed setting base rates of funding under the full EYSFF for 2017/18 as well as the mean deprivation and SEN rate. Please note that deprivation and SEN rates for individual providers will be confirmed once January 2017 postcode data is available to

calculate updated IMD scores. (BY VOTE – PRIMARY, NURSERY AND EARLY YEARS PVI REPRESENTATIVE)

## **6. Primary and Secondary Formula Funding and Pro-Forma 2017/18**

*6.1 For information - please note that the Schools Forum has already approved (on 19 October 2016) the structure of the Primary and Secondary funding formula for 2017/18. As such, these recommendations focus on the values of formula factors. Forum Members are also asked to note that the values of formula factors that are shown in the EFA Pro-Forma at Document HD Appendix 4 are inclusive of the starting adjustments that are set out in the options paper, Document HA Appendix 2. Members are also asked to note that the cost of business rates for the 2017/18 is estimated at this stage and is subject to change during the year, including following the conversion of maintained schools to academy status.*

6.2 All Members to agree the value of the **DSG's contribution to the Building Schools for the Future** affordability gap for 2017/18 set at £6,607,720, which is the 2016/17 value plus an estimated 3.5% RPIX (an increase of £223,449). This contribution will be split between schools on the same % basis as in 2016/17 (based on the school's unitary charge value). For Secondary schools, this contribution is expressed as a formula factor. For Special schools, this contribution is managed as a central item within the High Needs Block.

6.3 The Forum is asked to **make its final recommendations on the values of formulae factors** for 2017/18 using the Pro-Forma for 2017/18 outlined in Document HD Appendix 4 as a guide only. These final recommendations will be taken in the light of the options set out in Document HA Appendix 2, which require further discussion. Hence it is not possible to set out final proposals in this pre-written report. (BY VOTE – PRIMARY AND ACADEMY; BY VOTE SECONDARY AND ACADEMY) \*

*\* Please note that the rates will change from those shown in the Pro-forma at Document HD Appendix 4, where the Forum varies from the starting proposals on which all funding calculations within the published papers have been based.*