

SCHOOLS FORUM AGENDA ITEM

For Action

For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

To provide an update on a number of matters related to the 2017/18 Dedicated Schools Grant.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2017/18 DSG across meetings held on 11 and 18 January 2017. The Forum received a DSG matters update at the last meeting 15 March 2017.

Background / Context

See the details for consideration below.

Details of the Item for Consideration

Short Updates on Various DSG Items (for Information)

An update will be provided verbally on the position of National Funding Formula review and implementation.

We have now received final confirmation on the 2017/18 DSG allocation for the High Needs Block. Our allocation is as expected. We still await further confirmation on the Early Years Block later in July. We have also completed the 2 key DSG exercises in preparation for National Funding Formula implementation a) re-baselining of the 3 DSG Blocks for our 2017/18 spending position (incorporating the transfer of funding from the Schools to the High Needs Block) and b) validation of the value of the Maintained Nursery School Supplement.

Review work is continuing, with the BACs Strategic Group and other representatives, for the implementation of the reduction from September 2017 in the direct High Needs Block funding for placements in alternative provisions for pupils without EHCPs. It is expected that the forecasted £100,520 saving to the High Needs Block will be achieved in 2017/18.

The development of the Authority's approach to SEND inclusion in Early Years (the specific Inclusion Fund) is incorporated into the wider proposals for SEND delivery reform. A separate report on these proposals is presented at today's meeting.

We have received the DfE's operational guidance related to the technical management of the extended 30 hours free entitlement to nursery provision for eligible parents. The Local Authority will need to revise its administrative process for the delivery of the Early Years Single Funding Formula in the light of this final guidance. Further information is set out later in the report.

The reconciliation of DSG one off monies, following the 2016/17 year end closedown, has been completed.

- A 'DSG reserve' figure of £1.754m was forecasted within the reports presented to the January 2017 meetings, after identified committed sums. Members are reminded that the £1.754m was however, held to finance some specific items, including £0.521m in support of the 2017/18 DSG allocation (under option 4). Members are also reminded that the £1.754m included the forecasted underspending of £0.70m in the DSG's earmarked 2 year old resources, Early Years Block on which the Forum still needs to take a view.
- Following the finalisation of accounts at 2016/17 year end, an additional £2.045m of uncommitted balances has been identified as potentially available for recycling back into the Schools Budget:
 - An additional un-ringfenced sum of £0.698m. This is primarily the result of the underspending against forecasted High Needs Block expenditure, due to interim places being established from March 2017 rather than January 2017 (a saving of 3 months £0.6m). The DSG reserve figure presented to the Schools Forum in the January 2017 meetings therefore, is increased from £1.754m to £2.452m.
 - Our current reconciliation identifies a further £1.35m of balances ring-fenced for the Early Years Block (£1.85m rather than the £0.5m estimated in the January reports). This is the result of differences in free entitlement numbers, further underspending of the earmarked 2 year old resources and an unspent sum of £0.45m in Early Years Pupil Premium, which is not available for general release, but which the EYWG will discuss. The position of ring-fenced sums within the Early Years Block will be confirmed following the finalisation of the 2016/17 DSG allocation from the DfE's publication in July 2017.

Details of the Item for Consideration

The Schools Forum will receive, as normal, an analysis of the forecasted position of DSG balances / one off monies at the end of the 2017/18 financial year in the autumn term. We are moving towards the ring-fencing of DSG monies (underspends and overspends) by DSG Block, rather than holding unallocated cross-Block reserves. We have already established the principle of the ring-fencing of the Early Years Block. This principle is likely to be extended to the Schools and High Needs Blocks, as well as to the new Central Schools Block when this is established.

A request was made at the last meeting for further information on the value of the lump sum charge to maintained schools this year relating to the West Yorkshire Pension Fund. In the report presented in March we stated that we anticipate the cost to schools in total will be roughly a third of the £145,000 total payment to be made by the Council. On our guidance for maintained schools on 2017-2020 budgets, we asked schools to estimate the cost of the lump sum at £1 per pupil.

Core Schools Budget – National Spending Levels

A request was made at the last Schools Forum meeting in March for an analysis of the funding streams that make up the Government's "£40bn" of spending on schools.

Although there are a number of currently sizeable additional grants that come into Bradford's schools and academies, including: Education Services Grant, Universal Infant Free School Meals, Early Years Free Entitlement funding, Early Years Pupil Premium, Year 7 Catch Up, PE and Sports Grant, Post 16 Grant, an analysis of the "£40bn" is quite simple, in that this only includes core DSG-sourced formula funding from the Schools and High Needs Blocks and Pupil Premium. The National Audit Office quotes the following figures for the size of the 'core school's budget':

- 2016/17 £40.214bn
- 2017/18 £40.953bn
- 2018/19 £41.745bn
- 2019/20 £42.605bn

Bradford's proportion of these national totals in 2017/18 is approximately 1.25% (£0.51bn). It is perhaps more insightful to consider what is not included in the "£40bn" than what is. The Authority will continue to monitor the position of additional grants as these are expected to change over the coming months under a new Government and will provide information to the Forum about these changes.

Early Years Block – Administration of the 30 Hours Extended Entitlement

The Technical Statement, which was agreed by the Schools Forum in December 2016, sets out the current administrative arrangements for Bradford District's Early Years Single Funding Formula. Paragraph C of this Statement explains how each setting is funded on the number of 3 and 4 year olds free entitlement hours recorded as delivered in a single census taken each term. The same basic method is also used to fund 2 year old free entitlement hours, though the Authority also operates a second census each term. The timetable at the back of the Statement sets out the dates of these censuses and how funding is currently adjusted during the year. Within the Technical Statement, and in updates to the Forum, the Authority has highlighted that the addition of the extended 30 hours entitlement for eligible 3 and 4 year olds means that it is likely that the administrative arrangements behind the Early Years Single Funding Formula will need to change.

Under the current 'single termly census' approach, every provider is funded on a single count each term and their funding is not adjusted to account for starters and leavers before and after the designated census date. This approach has both pros and cons; significant pros being simplicity and the reduced administration needed to operate it. However, providers can also be under or over funded for the number of free entitlement hours they have actually delivered in a given term depending on the extent of movement of their children.

It is the Authority's view, supported by the Early Years Working Group, that the limitations of the 'single termly census' approach will be amplified following the establishment of the extended 30 hours offer at September 2017. The requirement to check the eligibility of children for the extended 30 hours a minimum of 6 times a year, and to adjust funding on the basis of these checks, also means that we must be more precise in counting where children are for funding purposes. The Authority also recognises that, as the financial pressure within providers increases, it is imperative that the Early Years Single Formula funds all providers as accurately as possible for the number of hours they actually deliver. The Authority however, is also mindful about the need to minimise the administration involved in operating the Early Years Single Funding Formula, as far as it is possible to do so without undercutting effectiveness, and to ensure that arrangements are workable within the financial year calendar and the monthly payments system.

Details of the Item for Consideration

From these considerations, the Authority proposes to take steps to move from the 'single termly census' to a 'starters and leavers' based counting arrangement for all early years providers (Nursery schools, Nursery classes in Primary schools and academies and PVI providers), for both the 2 and 3 & 4 year old entitlements. A considerable amount of development work is needed to complete this transition and the Authority is conscious of the need to provide for stability in funding arrangements this year and lead in time for providers. The Authority does not believe that full transition to new arrangements can successfully take place during 2017/18. It is therefore, proposed in outline to work from September towards the full implementation of revised arrangements at April 2018. As such, full consultation on new arrangements in the longer term will take place as part of our wider consultation on the 2018/19 Early Years Single Funding Formula, which will take place in the autumn term. Specific guidance on the position for the autumn and spring terms will be provided.

The attached Appendix 1 attempts simply to set out the broad outline of what is proposed. The position of necessary systems developments is currently fluid, and therefore, the timing of implementation is somewhat fluid at this time, but the Appendix sets out what the Authority proposes from September 2017 where necessary development work has been completed. The Authority will continue to work with the Early Years Working Group on these proposals and the transition, including considering where contingency arrangements may need to be made for the autumn and spring terms. An update, and better confirmation of arrangements, will be presented to the Schools Forum in September. Members will note that the transition to a 'starters and leavers' approach is likely to be slower for nursery schools and primary schools / academies with nursery classes.

Implications for the Dedicated Schools Grant (DSG) (if any)

As set out in the report (this is an item for information)

Recommendations

The Schools Forum is asked to consider and to note the information provided in the report.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Early Years Single Funding Formula Administration Transition

Contact Officer (name, telephone number and email address)

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