

# **Report of the Director of Finance to the meeting of the Executive to be held on 19 February 2019 and Council to be held on 21 February 2019.**

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**Subject:**

**BA**

**Allocation of the Schools Budget 2019/20 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 2019/20 and subsequent recommendation to Full Council.

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**Portfolio: Leader of Council**

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**Overview & Scrutiny Area: Corporate**

## **1. SUMMARY**

- 1.1 This report informs the Executive of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) for the 2019/20 financial year.
- 1.2 The Schools Budget is part of the overall budget proposal for the Council, which includes:
  - the recommended Capital Investment Plan (Document BB)
  - the Revenue Estimates (Document AZ)
- 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 2019/20, as required by Article 4 of the Council's Constitution.

## **2. BACKGROUND**

- 2.1 Under national Regulations, every local authority is required to operate a Schools Forum. Schools forum is a decision making and consultative body dealing with schools budgets. 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 (the Local Authority is responsible for the final decision but in some cases it may delegate the power to the Schools' Forum)
- proposed changes to the operation of the minimum funding guarantee
- changes to or new contracts affecting schools
- arrangements for pupils with special educational needs, in pupil referral units and in early years provision.

The forum is responsible for decisions on:

- how much funding may be centrally retained within the dedicated schools grant
- any proposed carry forward of deficits on central spend from one year to the next
- proposals to de-delegate funding from maintained primary and secondary schools changes to the scheme of financial management.

Therefore one of primary functions of schools forum is to recommend to the Authority how the funding, which the Government provides for schools and individual pupils

(known as the Dedicated Schools Grant (DSG)), is managed..

- 2.2 Following the Government's National Funding Formula reforms, implementation beginning April 2018, the DSG is now constructed in four blocks with each block having a 'national formula' basis: the Schools Block, based on October 2018 pupil census data; the Early Years Block, based on January 2019 and 2020 census data; the High Needs Block, based partly on population, deprivation and other needs-led data and partly on historic spending levels; the Central Schools Services Block, based on pupil numbers and deprivation data.

All four Blocks in 2019/20 include some ceiling and floor arrangements as the Government moves to the new National Funding Formula (NFF) over time. Our Schools Block and Early Years Block allocations are protected by these transitional arrangements. Our High Needs Block and Central Schools Services Block allocations are capped by these arrangements and our funding in 2019/20 in these blocks would be higher if the transition was not in place.

- 2.3 Perhaps the most significant issue for Bradford, in our management of our DSG allocation in 2019/20 and going forward, is the extent to which the capping of our High Needs Block allocation affects our ability to meet demand-led spending growth, to deliver a sufficient volume of high quality provision for children and young people with high needs, whilst avoiding the growth of a deficit within our DSG account. We calculate that Bradford's 2019/20 High Needs Block allocation should be £16.9m higher than our 2017/18 pre-NFF baseline. This increase however, is substantially reduced by the national capping arrangements – an estimated £12.4m of this £16.9m growth is not yet allocated. Although the DfE announced in December 2018 that our High Needs Block allocation in 2019/20 will increase by an additional £1.47m on what was previously announced, Bradford's allocation in 2019/20 is still significantly lower than what the NFF calculates we should receive based on current needs-led data.

The management of this situation has been one of the key issues discussed with the Schools Forum and schools in the Authority's consultations on 2019/20 arrangements, which were completed in the autumn 2018. The main measures recommended by the Schools Forum, which will enable additional specialist places to be created, and which are also put forward to prevent a deficit within the High Needs Block in 2019, are set out in this report. One of the most prominent measures is the transfer of £2.00m (0.48%) of the Schools Block allocation to the High Needs Block. This results in an overall basic per pupil settlement for primary and secondary schools and academies, including the Minimum Funding Guarantee, of 0% (cash flat on 2018/19). The basic per pupil settlement for high needs providers is also cash flat. The basic per pupil settlement for early years providers is slightly lower than cash flat as the value of the 3&4 year old universal base rate is reducing from £4.12 to £4.11 per hour. The funding rates for maintained nursery schools continue to be protected at 2016/17 levels.

The High Needs Block faces acute pressure going forward and further structural change is required to deliver financial sustainability whilst also delivering high quality provision in sufficient quantity to meet the needs of pupils with SEND.

- 2.4 The recommendation for a basic 0% cash flat settlement for schools, academies

and other providers in 2019/20 is made in the context of the forecasted further growth in costs over the 2019-2022 period. Although some relief for schools, in the form of additional non-DSG grant, against the cost of the September 2018 pay award for teachers has been confirmed by the Government for 2019/20, and further relief is expected against the significant increase in employer's contribution to teacher pensions from September 2019 (an indicative increase from 16.48% to 23.6%), for the period up to 31 March 2020, the National Funding Formula, as it currently stands, does not address the very significant cut in the real terms value of school funding. This is a national issue. The Institute of Fiscal Studies, for example, reported in July 2018 that there has been an 8% reduction in the real terms value of funding per pupil between 2009/10 and 2017/18 and forecasts further erosion in value over the next 5 years. In addition to national pay factors, locally, education budgets are being required to absorb increased employer contributions to non-teaching staffing pension costs and increases in the prices of goods and services.

Added to this pressure, the Authority in its DSG management, and schools and providers in their management of their delegated funds, are continuing to need to take prudent decisions understanding that there is significant uncertainty. The position of DSG funding, including High Needs Block funding and NFF transition, and of other important matters such as the continuation of the Minimum Funding Guarantee for schools and of key grants (including Pupil Premium) and whether additional monies to offset pay and pensions contributions increases will continue, after April 2020, is not known and will not be confirmed until the autumn 2019 spending settlement. The specific issue of the funding of maintained nursery schools after April 2020 has also to be determined within this settlement.

- 2.5 The Government has stated its intention to implement the 'hard' National Funding Formula for primary and secondary schools and academies from (or after) April 2021. This means that for (at least) 2019/20 and 2020/21 the Local Authority with the Schools Forum continues to have responsibility for setting formula funding arrangements locally within tight regulations. After April 2021, although local responsibility is expected be retained for the High Needs Block, Early Years Block and Central Schools Services Block, the main Schools Block primary and secondary funding formula is expected to be calculated nationally and only 'passported' by the Authority to schools.
- 2.6 Given this direction of travel, a key decision for all local authorities has been whether to adopt the Government's National Funding Formula for the allocation of funding to individual primary and secondary schools and academies. At April 2018, the Authority replaced its local formula with the DfE's NFF, using this as closely as the Regulations and affordability allowed to calculate individual formula allocations for both primary and secondary phases in 2018/19. We were one of 41 authorities nationally that did this. We also established the DfE's new optional minimum levels of per pupil funding at their full values of £3,500 (primary) and £4,800 (secondary).

The Schools Block formula funding recommendations for 2019/20 are put forward to ensure that we continue to closely mirror the DfE's National Funding Formula at local level.

- 2.7 The combination of our transfers of funding from the Schools Block to the High

Needs Block in 2017/18 and now also in 2019/20, and our implementation of the DfE's NFF to calculate individual school budget shares, has created the following Schools Block formula funding landscape in Bradford in 2019/20:

- Primary phase: 144 out of 156 schools (92%), including academies, are funded on the 0% Minimum Funding Guarantee, at a total MFG value of £7.47m. 16 schools are funded at the £3,500 minimum level, receiving £0.80m in total via this factor. All other schools are funded above £3,500 per pupil.
- Secondary phase: 17 out of 31 schools (55%), including academies, are funded on the 0% Minimum Funding Guarantee, at a total MFG value of £1.99m. 3 schools are funded at the £4,800 minimum level, receiving £0.67m in total via this factor. All other schools are funded above £4,800 per pupil.
- All through schools: 3 out of the 4 academies (75%) are funded on the 0% Minimum Funding Guarantee, at a total MFG value of £0.37m. All of these academies are funded above the £4,042 minimum level.

From these summary statistics, it is quite clear how important future decisions regarding the progress to National Funding Formula and the position of the Minimum Funding Guarantee are to the values of budget shares that will be received by our primary and secondary schools and academies after April 2020.

2.8 Within the 2019/20 DSG settlement, after adjustments for transitional measures, Bradford has received, compared against 2018/19:

- An additional £4.83m within the Schools Block (+ 1.2%). £4.19m of this comes from the continued growth of numbers in our secondary schools and academies (-40 primary; +805 secondary). An additional £1.39m is received as a result of the Government's implementation of National Funding Formula alongside the commitment to allocate a minimum increase in primary and secondary per pupil funding, which has been netted against a reduction of £0.75m in pupil growth funding as a result of the DfE's adjusted methodology introduced for April 2019.
- An additional £4.02m within the High Needs Block (+ 6.1%). £2.19m of this comes from further release of the DfE's National Funding Formula capping. £1.47m comes from the Secretary of State's announcement on 17 December 2018, which allocated an additional £250m nationally across 2018/19 and 2019/20. £0.36m is received as a result of the growth of our special school population recorded in October 2018.
- An additional £0.08m within the Central Schools Services Block (+ 2.6%), the result of both pupil numbers increase and the further release of the DfE's National Funding Formula capping.
- An estimated reduction in total of £0.15m (- 0.3%) within the Early Years Block. This completes the £3m total reduction in our funding for 3 and 4 year olds as a result of the national reforms implemented at April 2017. The Early Years Block continues to include the specific allocation of £1.22m to protect maintained nursery schools, which represents about a third of the monies allocated to these schools for

their delivery of the 3&4 year old entitlement. The Government has currently only committed to fund this protection until the end of 2019/20.

- 2.9 The total estimated amount of DSG available for distribution in 2019/20 is £551.019m, which includes a forecasted value of under-spend (one off carry forward balance) within the DSG up to 31 March 2019 of £14.149m (2.6%). The final 2019/20 DSG High Needs Block allocation will be confirmed in March 2019. The value of one off DSG balances carried forward will be confirmed by July 2019. The final value of the 2019/20 Early Years Block allocation will be confirmed in July 2020 (following the collection of the January 2020 Census).

An additional sum of £0.80m from the Council's base budget is added to the High Needs Block DSG allocation specifically to support the cost of the fully subsidised school SEND teaching support services. With this addition, the total amount of Schools Budget available to allocate in 2019/20 is £551.819m.

The recommended distribution of this Schools Budget is summarised in the table below:-

Description	Early Years Block £m	Schools Block £m	High Needs Block £m	Central Schools Services Block £m	Total DSG £m
Estimated DSG available 2019/20 (inc. inter-block transfers)	£43.884	£418.162	£72.146	£2.678	£536.870
Estimated DSG B'fwd from 2018/19	£3.643	£6.393	£4.114	£0.000	£14.149
Additional Council Base Budget	£0.000	£0.000	£0.800	£0.000	£0.800
<b>Total Estimated DSG (Schools Budget) 2019/20</b>	<b>£47.526</b>	<b>£424.555</b>	<b>£77.060</b>	<b>£2.678</b>	<b>£551.819</b>
Delegated to Schools / Providers	£43.396	£415.783	£67.052	£0.000	£526.231
Non-Delegated Items	£0.487	£2.379	£5.895	£2.678	£11.439
Allocation of B'fwd (One Off)	£0.648	£1.716	£0.515	£0.000	£2.879
<b>Total Funding Allocated</b>	<b>£44.532</b>	<b>£419.878</b>	<b>£73.461</b>	<b>£2.678</b>	<b>£540.549</b>
<b>Difference (C'fwd)</b>	<b>£2.994</b>	<b>£4.677</b>	<b>£3.599</b>	<b>£0.000</b>	<b>£11.270</b>

Please note due to roundings the total may not add up exactly

- 2.10 Members are asked to consider and to approve the recommendations of the Schools Forum as agreed at its meeting on 9 January 2019 and as set out in this report. Should Members wish to propose amendments then representation must be made back to the Schools Forum.

### **3. SCHOOLS FORUM RECOMMENDATIONS ON THE ALLOCATION OF THE SCHOOLS BUDGET 2019/20**

**(£000)**

**Total Estimated DSG (Schools Budget) Available 2019/20** **£551,819**

#### **3.1 The Schools Block** **£418,162**

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

For 2019/20, the Schools Block is calculated on National Funding Formula-based primary and secondary per pupil values x October 2018 census pupil numbers, plus additional defined cash allocations. Bradford's primary amount per pupil (£app) is £4,176; our secondary £app is £5,414. These values have been derived by the DfE through the amalgamation of the allocations that individual schools would have received via the National Funding Formula, uplifted for the 0.5% minimum per pupil commitment and capped at 3% on 2018/19 in the case of schools that gain. The additional cash allocations total £14.57m for Business Rates (£4.47m), split sites (£0.40m), PFI (£6.44m), pupil mobility (£0.73m) and Pupil Numbers Growth (£2.53m).

Please note that £418.162 is the Schools Block income figure after the transfer of £2.00m (0.48%) to the High Needs Block.

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

**(£000)**

#### **3.2 The High Needs Block** **£72,146**

This Block funds resources for pupils in mainstream schools with Special Educational Needs (with Education Health and Care Plans), delegated budgets for Special Schools, Pupil Referral Units and resourced provisions. 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 school SEND teaching support services, support for inclusion,

behaviour support, Education in Hospital provision and home tuition (medical needs). It also includes the cost of the placement of Bradford children in out of authority and in non-maintained provisions.

High Needs Block allocations are calculated via National Funding Formula under transitional arrangements. Bradford receives £4,000 for pupils in special schools and academies (including independent special schools), plus 50% of the value of our 2017/18 High Needs Block spending, plus a capped allocation under the new National Funding Formula, which is based on population, deprivation and other needs-led data. An adjustment is made to recognise the cross border movement of children between authority areas. The Authority also receives within the High Needs Block a specific allocation of £1.66m in 2019/20 for Education in Hospital and home tuition (medical needs) related provision. An additional £1.47m has come from the Secretary of State's announcement on 17 December 2018, which allocated an additional £250m nationally across 2018/19 and 2019/20.

Please note that £72.146 is the High Needs Block income figure after the transfer in of £2.00m from the Schools Block and £0.249m from the Central Schools Services Block.

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

### **3.3 The Early Years Block £43,884**

This Block funds delegated budgets, support services and other funds held centrally, relating to the provision of the entitlement to nursery education for eligible 2, 3 and 4 year olds in nursery schools, primary schools and academies with nursery classes and private, voluntary and independent settings. The total value of this Block is currently estimated and will be finalised on the number of eligible children recorded in the January 2019 and January 2020 Censuses x £4,342 per FTE (£4.57 per hour) for pupil aged 3 & 4 and £4,940 per FTE (£5.20 per hour) for pupils aged 2.

Estimated figures of £0.452m and £0.192m are included in this Block for the Early Years Pupil Premium and the Disability Access Fund. In addition, an estimated £1.226m is included for the DfE's Maintained Nursery School Supplement.

**(£000)**

### **3.4 The Central Schools Services Block £2,678**

The Central Schools Services Block was established in April 2018. A number of items previously funded via 'top-slice' within the Schools Block were transferred to this Block, including Pupil Admissions and Local Authority statutory duties in respect of all state funded schools that were previously funded through the now ceased Education Services Grant.

The 2019/20 financial year allocation is calculated on a National Funding Formula

basis. Bradford receives £28.43 per pupil x October 2018 Census numbers in primary and secondary schools and academies, plus a lump sum of £0.44m to match the value of the 'historic commitments' spend we recorded in 2017/18. This £0.44m lump sum is to be phased out and is currently not expected to be received after 2019/20.

Please note that £2.678m is the Central Schools Services Block income figure after the transfer of £0.249m to the High Needs Block.

**3.5 Estimated DSG Balance Brought Forward from 2018/19 £14,149**

Final DSG allocations are not confirmed by the DfE until later in the financial year and the School Forum's recommendations are based on estimates of expenditure especially within the High Needs and Early Years Blocks. These estimates are reconciled at the end of each financial year and differences are added to the DSG in the next year. Decisions taken in previous years have already committed a proportion of the sum estimated to be carried forward into 2019/20.

The table in paragraph 2.9 separates the total estimated DSG carry forward balance into the four blocks. This follows the local informal 'block earmarking' approach to the management of DSG balances that 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.

**(£000)**

**3.6 Council Base Budget Contribution £800**

An additional sum of £0.800m from the Council's base budget is added to the High Needs Block DSG allocation specifically to support the cost of the fully subsidised school SEND teaching support services.

**4. ALLOCATION TO DELEGATED BUDGETS (£000)**

**Total Allocated to School / Provider Delegated Budgets £526,231**

**Broken down as follows:**

**4.1 Early Years Providers via Single Funding Formula £43,396**

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

- Nursery Schools 3 / 4 year old universal and extended entitlement, incorporating the Maintained Nursery School Supplement £3.262m.
- Nursery Classes in Primary Provisions 3 /4 year old universal and extended entitlement £14.221m.
- PVI Providers 3 / 4 year old universal and extended entitlement £15.444m.
- The entitlement for the 40% most deprived 2 year olds £8.973m.
- Early Years SEND Inclusion £1.500m.
- Early Years Pupil Premium £0.452m.
- Disability Access Fund £0.192m.
- Adjustment for the allocation of balance brought forward - £0.648m.

The Schools Forum recommends that the Early Years Single Funding Formula (EYSFF) that was set out in the Authority’s consultation published in October 2018 is used to calculate budget shares for all providers delivering provision for 2 and 3 & 4 year olds in 2019/20. This means that the structure of the EYSFF in 2019/20 remains as in 2018/19. The rate of funding for providers delivering the 2 year old entitlement will remain at £5.20 per hour. We have now established a ‘Universal Base Rate’ for funding the 3&4 year old entitlement, as required by the DfE, set at £4.11 per hour. £0.648m of balance brought forward is allocated to afford this £4.11 per hour (otherwise the rate would be £4.01). Our deprivation supplement will continue as in 2018/19 and will allocate 9.5% of 3&4 year old EYSFF monies (excluding the brought forward balance contribution). Maintained nursery schools continue to be protected at 2016/17 funding rates.

The Schools Forum has recommended the introduction of a new holistic Early Years SEND Inclusion Fund, with a budget value of £1.50m in 2019/20, which will allocate additional monies to early years providers to support meeting the needs of eligible children identified with low level emerging SEND.

A simple summary of Bradford’s EYSFF that is recommended for 2019/20 is attached at Appendix 3.

	<b>(£000)</b>
<b>4.2 Primary and Secondary Schools and Academies</b>	<b>£415,783</b>
Primary £231.596m	
Secondary £185.404m	
Adjustment for the allocation of balance brought forward - £1.216m	

The Forum has recommended to:

- Use the formulae outlined in Appendix 1 to calculate delegated budget shares for primary and secondary schools and academies. The formulae have been agreed, following consultation with schools in autumn 2018. We submitted the final version

of the required Pro-forma on 14 January and this is subject to final validation by the Education & Skills Funding Agency.

- Continue to closely mirror the DfE's National Funding Formula at local level, meaning that we amend our local formula in 2019/20, from that used in 2018/19, to adopt the DfE's revised lower prior attainment variable value in the primary phase and that we amend our calculation of the £3,500 (primary) and £4,800 (secondary) minimum per pupil funding to come more closely in line with the DfE's calculation. We do not alter our primary and secondary funding formula in 2019/20 other than for these two amendments.
- Set the Minimum Funding Guarantee for 2019/20 at 0%. We will not apply the DfE's optional factor, which would give a minimum 1% increase on 2017/18 National Funding Formula baselines per pupil.
- Remove the ceiling, meaning that there is no longer a cap on increases for schools and academies that may gain from the National Funding Formula or from the impact of changes in pupil characteristics recorded in the October 2018 Census. This means that all National Funding Formula 'gains' for individual schools are fully allocated within the 2019/20 funding formula. No gains within the Schools Block are still to be released in future years.
- Continue to use our existing local formula approaches to the factors not yet covered by the National Funding Formula (pupil mobility, split sites and the pass-through of the BSF DSG Affordability Gap funding). Continue to fund business rates at actual cost, with the cost estimated within the planned budget.
- Meet the cost of expanding places in primary and secondary schools and academies through the DSG Growth Fund with a total net planned budget of £1.278m, excluding items funded by balances brought forward.

**(£'000)**

#### **4.3 Special Schools and Special Academies**

**£26,494**

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 financial 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 or ranges for this element of funding.

The delegation of High Needs Block funding to providers in Bradford in 2019/20 is recommended on the basis of continuing Bradford's existing Place-Plus model, used in 2018/19, but noting that a review of the funding model for special schools is currently taking place, which may alter the ranges model used for special schools

during 2019/20. We also ask Members to note that we have identified the benefit that holistic review of our top-up funding arrangements more widely will have, in particular in insuring that our top-up funding continues to be based on clear descriptors of need, continues to follow our continuum of provision as this develops, and continues to be allocated on accurate moderation of pupil-need. We expect to continue to develop and amend our Place-Plus system incrementally over time - we continue to hold the view that, given the extent of discussion that is taking place about the District's SEND model, and the changes that have already taken place and may come from these discussions, continuity generally in funding in 2019/20 will be welcomed, especially in mainstream settings. Any further change in the funding model should be managed incrementally following holistic re-assessment.

Bradford's Ranges Model, and the values of 'Plus' funding attached to each range, are outlined in Appendix 2. The funding values for each range are the same as used in 2018/19 i.e. they are cash flat. The Minimum Funding Guarantee for special schools and special school academies is set at 0% (cash flat).

The 2019/20 planned budget of £26.494m incorporates forecasted growth in the cost of placements of £0.50m on a total planned number of 1,273 FTE places. This is prior to the addition of new places (please see paragraph 4.12).

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.

#### **4.4 Pupil Referral Units (PRUs) & Alternative Providers £5,772**

The PRUs are funded via the Place-Plus framework, with commissioning schools now responsible for the funding of the 'Plus' element related to the placement of pupils without EHCPs that are not permanently excluded. Members are reminded that, from September 2018, we ceased the High Needs Block's funding of the top up element for school commissioned non-EHCP non-permanent exclusion placements in the PRUs, although some transitional arrangements are still in place at one PRU. The Authority retains responsibility for funding arrangements for pupils with EHCPs or that are permanently excluded.

The 2019/20 planned budget of £5.772m is set on the basis of funding 258 places at our four PRUs. This budget also includes £0.80m to support the cost of an additional 80 places at identified alternative providers. We expect to continue to develop and to clarify funding responsibilities, between the Local Authority and schools, in the placement of students in PRUs and with alternative providers as we continue to re-shape our alternative provisions going forward.

**(£'000)**

#### **4.5 Behaviour Centres (Primary Phase) £711**

The four Primary Behaviour Centres are funded via the Place-Plus framework, with commissioning schools now responsible for the funding of the 'Plus' element related to the placement of pupils without EHCPs that are not permanently excluded.

Members are reminded that, from September 2018, as with the PRUs, we ceased the High Needs Block's funding of the top up element for school commissioned non-EHCP non-permanent exclusion placements in these centres. We expect to continue to develop and to clarify the principles of this, and funding responsibilities between the Local Authority and schools, as we continue to re-shape our alternative provisions going forward.

The number of funded places in 2019/20 is the same as 2018/19 (50 places).

**4.6 Resourced Provisions (Primary & Secondary) £6,915**

All resourced provisions attached to mainstream primary and secondary schools and academies - Designated Specialist Provisions (DSPs) and Additional Resourced Centres (ARCs) - in 2019/20 are funded via the Place-Plus framework and via the Plus funding rates shown in Appendix 2. Please note that ARC provision is centrally managed by the Local Authority. Please also note that, following the technical revision to the funding of resourced provisions, directed by the DfE for 2018/19, the value of the place element for places occupied at October 2018 is £6,000 rather than £10,000, with the host school receiving instead full formula funding for the resourced provision pupils.

The 2019/20 planned budget of £6.915m incorporates budget of £0.82m for an additional 44 FTE places to be allocated to four new primary and secondary DSP resourced provisions that will be established during 2019. The planned budget on this basis provides for 379 DSP and ARC places in total for the 2019/20 academic year. This is prior to the addition of new places (please see paragraph 4.12).

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.

**(£'000)**

**4.7 Pupils with EHCPs in Mainstream Schools and Academies £7,063**

Funding is delegated to mainstream schools and academies for pupils with Education Health and Care Plans (EHCPs) based on our Ranges Model (Appendix 2). The values of each range are the same as in 2018/19 i.e. cash flat. As stated above, we have identified the benefit that holistic review of our top-up funding arrangements will have and we expect to continue to develop and amend our Place-Plus system incrementally over time.

The national high need funding system works on the basis that schools and academies have sufficient funding already within their delegated formula funding allocations to enable them to meet the additional costs of the SEND needs of their pupils up to the threshold of £6,000 per pupil, using their funding calculated on measures of additional need such as Free School Meals, IDACI and prior low attainment. Local authorities are currently required to define for each primary and secondary school the value of their formula funding that is 'notionally' allocated for SEND to be used in meeting the first £6,000 of needs for pupils with EHCPs, as well as the needs of pupils without EHCPs. The value of each school's notional

SEND budget is clearly set out in the annual S251 statements Bradford Council publishes. The Schools Forum has recommended that we continue to use in 2019/20 our existing methodology for the definition of notional SEND budgets for mainstream primary and secondary schools and academies within the Schools Block funding formulae.

The planned budget of £7.063m incorporates the SEND Funding Floor, which is a factor that ensures a minimum level of funding for SEND provision in schools and academies. The Schools Forum has recommended that SEND Floor allocations for mainstream primary and secondary schools and academies continue for a second year to be protected at their 2017/18 financial year values pending holistic review for April 2020.

The planned budget of £7.063m represents a £1.05m (17.5%) increase on forecasted spend in 2018/19, which is reflective of the continued significant annual growth in the number of pupils with EHCPs in Bradford.

#### **4.8 Post 16 Further Education Providers £5,144**

The transfer to the DSG of the full cost of Post 16 High Needs provision was completed at April 2017. Places are funded at £6,000 from the High Needs Block. For the 'Plus' element, Further Education providers are funded for the vast majority of students at 60% of the Ranges Model value (shown in Appendix 2) for the primary need of the student. The exceptions are students with the primary need of sensory impairment (Hearing / Visual), where funding is calculated on an actual cost basis.

The 2019/20 planned budget of £5.144m, which is £0.69m (15.5%) higher than forecasted 2018/19 spend, incorporates the allocation of an additional 56 FTE places to Further Education providers in the 2019/20 academic year, which includes an estimate of additional places to be funded in the two new post 16 free schools opening at September 2019.

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

**(£'000)**

#### **4.9 Early Years Resourced Provision £999**

Early years resourced provision is to be funded via the full Place-Plus framework. The 2019/20 planned spending of £0.999m is based, as in 2018/19, on an allocation of 78 FTE places. Please note that the children placed in the early years resourced provisions continue to receive their allocations under the Early Years Single Funding Formula. The High Needs Block allocates £6,000 per FTE place plus the respective top up value via the Ranges Model in addition to this.

#### **4.10 Education in Hospital & Tracks Provisions £1,000**

Education in Hospital provisions are funded on the agreed planned number of places, with the Finance Regulations requiring that the funding per place in 2019/20 is not lower than the value in 2018/19. The number of funded places in 2019/20 is currently the same as 2018/19, pending our holistic review. £0.15m of the £1.00m is budget for the placement of children in out of authority / independent hospital provisions.

The DfE has signalled its intention to adopt a new national approach to the funding of education in hospital and medical home tuition services. A consultation, which was expected in the autumn 2018, is now expected during 2019. The proposals within this consultation are likely to affect the value of funding Bradford receives within the High Needs Block for these services and this likely will trigger the need for further structural review.

**4.11 Placements in Out of Authority & Independent Settings £9,240**

The cost of placements of pupils with EHCPs in out of authority and independent settings is calculated on an actuals basis. 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 significantly increase. The planned budget of £9.240m for 2019/20 includes provision for a £1.54m (20%) growth on forecasted 2018/19 spend.

The Schools Forum noted, and Members are also asked to note, that the High Needs Block planned budget may be vired between individual spending headings during 2019 as our specialist places, and our strategies that will re-shape alternative and SEND provisions, develop. For example, with the £1.54m of spending growth for out of authority / independent placements - the Authority may use a proportion of this growth budget in the development of Bradford-located places in seeking to achieve 'cost avoidance'. The creation of additional SEND places in Bradford-located settings is crucial to this strategy.

**(£000)**

**4.12 Provision for the Creation of Additional SEND Places £3,714**

The Schools Forum has recommended that provision of £3.714m is made within the 2019/20 planned budget to support the creation of 310 new SEND places, in addition to the 44 places that are to be created within four new DSPs (see paragraph 4.6).

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

**Total Allocated to non-delegated Budgets £11,439**

**Broken down as follows:**

The School and Early Years Finance (England) Regulations have, over time and in

preparation for National Funding Formula, altered the treatment of non-delegated items and contingencies. The Regulations now require a greater proportion of the DSG to be delegated to schools and early years providers and also require that the Schools Forum makes recommendations for permitted centrally managed items individually and, in some cases, on a phase specific basis.

**5.1 Schools Block non-delegated budgets** **£2,379**

A total of £2.379m is recommended to be held within the Schools Block for the following purposes. Please note that some of the monies below that are initially held will actually be delegated to schools and academies during the year.

- £1.284m for items de-delegated from maintained primary and secondary schools. The Schools Forum recommends the continuation of de-delegation for the same purposes as in 2018/19.
- £0.845m of provision for new growth (pupil numbers expansion in primary and secondary schools and academies) at September 2019. £0.645m of this is for growth in the secondary phase; £0.200m is for growth in the primary phase.
- £0.250m to establish a new Falling Rolls Fund for the primary phase, to support eligible primary schools and primary academies, rated Good or Outstanding by Ofsted, that are managing ‘blips’ in pupil numbers, where their surplus capacity is forecasted to be filled within 3 years. The establishment of this fund comes from the discussions with the Schools Forum and schools in the autumn 2018 about the Authority’s place-planning processes, forecasting methodology and the impact that falling rolls / under-subscription has on schools. These discussions are on-going and the Schools Forum has established a sub group to develop these further.

**5.2 High Needs Block non-delegated budgets** **£5,895**

A total of £5.895m is recommended to be held centrally within the High Needs Block for the following purposes:

- £3.637m for centrally managed SEND teaching support services and the Sensory Service.
- £1.100m for the provision of home tuition for children not able to access school for medical reasons.
- £0.764m for the DSG’s contribution to the Affordability Gap for Building Schools for the Future for special schools.
- £0.394m sum of smaller budgets including youth offending, speech and language therapy and specialist equipment.

**(£000)**

**5.3 Early Years Block non-delegated budgets** **£487**

A total of £0.487m is recommended to be held centrally within the Early Years Block for the following purposes:

- £0.127m for nursery schools to access relevant agreed 'de-delegated' funds.
- £0.035m for copyright licences (DfE charge).
- £0.325m for the Early Years Block's contribution to the cost of early years high needs support services, including portage and the pre-5 service. £0.30m of this fund is existing cost that has been transferred from the High Needs Block from April 2019. £0.025m is a new budget for the Authority to use to enable capacity to deliver the new holistic Early Years SEND Inclusion Fund.

Please note that £0.487m constitutes 1.5% of the 3 / 4 year old DSG funding allocation and therefore, complies with the DfE's 5% Early Years Block central funds restriction.

**5.4 Central Schools Services Block £2,678**

The Central Schools Services Block was established from April 2018, as a result of the DfE's National Funding Formula reforms, when a number of items previously funded via 'top-slice' within the Schools Block were transferred. The £2,678m is recommended to be allocated as follows:

- £0.010m Schools Forum costs.
- £0.580m Pupil Admissions.
- £1.331m Education Services Grant Centrally Retained Duties in support of the statutory duties delivered by the Local Authority on behalf of all state funded schools including academies.
- £0.368m Copyright licences Schools Block (DfE charge).
- £0.389m New Communities and Travellers Service (now permanent transferred from the High Needs Block).

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

**Total allocated on a one off basis in 2019/20 £2,879**

The £2.879m is made up of the following recommended allocations:

- Schools Block: £1.716m in total of which, £0.50m is the estimated cost in 2019/20 of the financial support for Beckfoot Upper Heaton Academy allocated via the agreed model; £0.888m is allocated to the cost of the delegated budget shares for the period September 2019 to March 2020 for the 2 newly establishing secondary free schools (to support this cost in 2019/20 before our DSG Growth Funding

'catches up'); and £0.328m to support the cost of the Schools Block formula funding allocation.

- Early Years Block: £0.648m estimated for the cost in 2019/20 of protecting against the full reduction in the value of the universal base rate for 3 and 4 year olds that would otherwise come as a result of national reform. £0.648m uplifts the base rate value from £4.01 to £4.11 per hour, which is the rate we forecasted would be delivered in 2019/20 within our initial autumn 2016 consultation.
- High Needs Block: £0.515m is estimated at this stage to be used to offset the forecasted overspending within the High Needs Block in 2019/20.

**7. AMOUNT NOT ALLOCATED IN 2019/20 (£000)**

**Total amount not allocated in 2019/20 £11,270**

The £11.270m of remaining balance forecasted to be carried forward into 2020/21 is made up of the following sums.

Schools Block £4.677m:

- £1.200m to support meeting the cost of the agreed financial support model for Beckfoot Upper Heaton Academy after 31 March 2019.
- £0.650m for the deficit of a school converting to academy status.
- £0.364m of balance ring-fenced to supporting additional costs of pupil numbers growth from April 2019.
- £0.677m of balance ring-fenced to de-delegated funds for maintained schools.
- £1.786m resilience reserve. This sum is effectively the remaining unallocated balance within the Schools Block.

Early Years Block £2.994m: earmarked to be used in support of the Early Years Funding Formula from April 2020. This could be deployed, for example, to continue to protect universal base rate funding over a transitional period. This balance is also expected to be used to manage further national system change, including to the funding of nursery schools, as well as the impact of our planned EYSFF review. There is significant further discussion required, and development work to take place, on how our EYSFF, and the values of funding rates, adjust and develop from April 2020. As we set out in the autumn 2018 consultation and reports to the Schools Forum, there are a number of factors that will influence this development.

High Needs Block £3.599m: retained and continued to be viewed as a transition fund to enable the successful delivery of structural change at the same time as supporting the avoidance of a significant deficit. This is in the context of the transition to a hard national funding formula, now anticipated from or after April 2021, where, in advance of this, the 2020/21 DSG settlement is uncertain as is whether the flexibility to transfer monies from the Schools Block to the High Needs Block will remain. This also comes in the context of the Authority's current High

Needs Block four year budget forecast, which clearly indicates that the scale of financial pressure on the High Needs Block, and that the size of the challenge to balance this Block, will increase.

## **8. RISK MANAGEMENT AND GOVERNANCE ISSUES**

If the allocations are not agreed by Elected Members then representations have to be made to the Schools Forum. In the event that agreement cannot be reached with the Schools Forum, the Council must refer the matter to the Department for Education (DfE).

## **9. LEGAL APPRAISAL**

Section 45 of the School Standards and Framework Act 1998 provides that for the purposes of the financing of maintained schools by local authorities every such school shall have for each funding period a budget share, which is allocated to it by the authority which maintains it to be determined in accordance with sections 45 – 47 of that Act.

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.

The schools forum has 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.

A new national funding formula (NFF) for schools, high needs and central school services came into effect from April 2018. A national funding formula for early years was introduced at April 2017. The NFF now determines how the DSG is allocated to local authorities. It is the Government's stated intention to introduce a 'hard' NFF for the Schools Block, at which point local formula funding arrangements will cease. However in 2019/20 and 2020/21, at least, local authorities retain discretion to determine primary and secondary school budget allocations locally.

The School and Early Years Finance (England) (No.2) Regulations 2018 came into force on 7 December 2018. These Regulations apply in relation to the financial year beginning on 1 April 2019. Local Authorities are required to calculate budgets for all maintained schools using a funding formula. The Regulations require the Local Authority to decide the formula it will use for the financial year 2019/2020. A local authority must, not later than 28 February 2019 (a) make an initial determination of its schools budget; and (b) give notice of that determination to the governing bodies of the schools which it maintains.

Not later than 31st March 2019, a local authority must determine—

- (a) the budget share for each of the nursery schools maintained by it;
- (b) the amount to be allocated in respect of each nursery class in schools maintained by it;
- (c) the amount to be allocated to each relevant early years provider in its area; and
- (d) the amount to be allocated in respect of community early years provision,

And must give notice of each budget share or redetermined budget share to the governing body of the school or the relevant early years provider concerned.

The Government also sets additional 'conditions' related to the Dedicated Schools Grant, which local authorities must comply with.

## **10. OTHER IMPLICATIONS**

### **10.1 EQUALITY & DIVERSITY**

There are no direct implications resulting from this report.

### **10.2 SUSTAINABILITY IMPLICATIONS**

There are no direct implications resulting from this report.

### **10.3 GREENHOUSE GAS EMISSIONS IMPACTS**

There are no direct implications resulting from this report.

### **10.4 COMMUNITY SAFETY IMPLICATIONS**

There are no direct implications resulting from this report.

### **10.5 HUMAN RIGHTS ACT**

There are no direct implications resulting from this report.

### **10.6 TRADE UNION**

There are no direct implications resulting from this report.

### **10.7 WARD IMPLICATIONS**

There are no direct implications resulting from this report.

### **10.8 IMPLICATIONS FOR CORPORATE PARENTING**

There are no direct implications resulting from this report.

#### **10.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

There are no issues resulting from this report.

#### **11. NOT FOR PUBLICATION DOCUMENTS**

None.

#### **12. OPTIONS**

Please see the recommendations below.

#### **13. RECOMMENDATIONS**

##### **13.1 It is recommended that the Executive asks Council to:**

- a) Accept and approve the proposals from the Schools Forum for the allocation of the 2019/20 DSG as set out in this report.**
- b) Approve the total amount of £551.819m 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 2019/20.**

#### **14. APPENDICES**

- Appendix 1 – Local Authority Funding Reform Pro-Forma 2019/20
- Appendix 2 – High Needs Provision: Funding Categories, Bands & Amounts 2019/20
- Appendix 3 – Early Years Single Funding Formula 2019/20

#### **15. BACKGROUND DOCUMENTS**

- [Decisions List of Schools Forum 9 January 2019](#)
- Section 151 Officer's Report – Executive 19 February 2019 – (Doc BC)