

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 a summary-level forecast of the DSG income / expenditure position that is currently estimated for the 2022/23 financial year.

Date (s) of any Previous Discussion at the Forum

The DSG's position for 2022/23 has begun to be considered within the consultation items presented in the autumn term. However, this is the first indicative DSG summary to be presented.

Background / Context

Our DSG allocation for 2022/23 will continue to be split into four blocks (in size order):

- Schools Block – funding mainstream Primary & Secondary school and academy core formula allocations, School Block de-delegated items (maintained schools) and Growth & Falling Rolls Funds. c. £484m
- High Needs Block – funding provision for high needs children with additional needs valued at greater than £6,000 per annum, including Special schools, PRUs / AP and Post 16 students in Further Education Colleges, as well as SEND support services and other alternative provision and placements. c. £101m
- Early Years Block – funding the Early Years Single Funding Formula and centrally managed items relating to early years entitlement provision (the 2, 3 and 4 year old entitlements). c. £45m
- Central Schools Services Block – established at April 2018 to fund items previously 'collected' via 'top-slice' within the Schools Block, including pupil admissions, copyright licensing and other local authority statutory duties held in respect of state funded schools and academies. c. £3.5m

Each of the four blocks is now calculated on a National Funding Formula (NFF) basis, which includes protection (for losers) and damping (for winners) as the DSG system moves towards the fuller implementation of NFF over time. 2022/23 is the fifth year of implementation of the NFF distribution.

Many aspects of the DSG for 2022/23 have now been confirmed and will not change. However, there are still some elements that will be confirmed by Government later in December and some that will only be confirmed during and after 2022/23, including Early Years Block funding and adjustments to the High Needs Block for imports and exports between authorities and for academy conversions.

With the Schools Forum's agreement, the Authority has previously established the principle of the 'ring-fencing' of all the four blocks, meaning that spending pressures and NFF-led funding level changes relating to each block are managed within that block. As set out in Document NV, the Authority continues to apply the principle of block ring-fencing, informally, to the management of brought forward balances. However, although the DSG is split into separate blocks, Forum members should continue to recognise the inter-connectivity that exists, especially between the High Needs Block and the Schools and Early Years Blocks.

The Schools Block is formally ring-fenced in Regulations. Authorities continue to be permitted to transfer a maximum of 0.5% of the Schools Block budget to other blocks, including to the High Needs Block, with the approval of the Schools Forum. Larger transfers must be approved by the Secretary of State.

The Regulations continue to require a pass through of 95% of the Early Years Block (EYB) 3 & 4-year-old funding to the rates applied for 3 & 4-year-old entitlement providers. This has the effect of limiting the size of centrally managed funds that can be held within the EYB, as well as restricting the value of the EYB that can be transferred to other blocks or that can be used in support of the 2-year-old entitlement within the EYB.

There are no formal 'ring-fencing' restrictions set in the Regulations for the Central Schools Services Block or for the High Needs Block.

Additional reports to this meeting provide more details of the management of spending within each of the blocks. A more detailed and more confirmed analysis of the 2022/23 DSG income position, and planned expenditure, will be provided for the Schools Forum on 12 January.

Details of the Item for Consideration

Appendix 1 provides a high level position statement for the 2022/23 DSG, based on current estimates and assuming that the proposals that have been put forward for formula funding arrangements and for centrally managed funds are fully implemented. This statement also makes assumptions about anticipated Early Years Block arrangements, which are discussed further in Document NP.

There are a number of aspects of DSG income and expenditure that are still to be confirmed. The Schools Forum still has to make its final recommendations on formula funding arrangements, in the light of feedback from the consultations. In addition to early years funding, one of the more significant aspects to confirm is the cost of Schools Block formula funding calculated on the October 2021 Census dataset, which will be available mid-December. As such, Forum members are asked to view this summary only as an estimate intended to help plan for decisions. A more confirmed and more detailed summary, as well as a DSG Management Plan, on which the Forum will be asked to make its recommendations on the 2022/23 planned budget, will be presented on 12 January.

The following aspects of the estimated position shown in Appendix 1 are highlighted below in summary:

- **We estimate we will receive £24.05m (3.9%) more income than we received in 2021/22 (ROW C)**
 - £13.70m (3.0%) within the Schools Block. This is new funding (rather than the impact of transfers). The majority of this growth comes from the increase provided by the NFF-led settlement, rather than by a substantial net growth in our number of pupils (as has been the case in previous years). Our Schools Block income forecast is based on estimated total October 2021 Census pupil numbers recorded at 88,793, compared against a total of 88,579 recorded at October 2020; a net change of +214. Within this estimated total, primary-phase numbers are estimated to have reduced by 521 and secondary-phase numbers are estimated to have increased by 735 between October 2021 and October 2020.
 - £8.70m (9.4%) within the High Needs Block. This is new funding (rather than the impact of transfers). The majority of this growth comes from the increase provided by the NFF-led settlement, through which Bradford is receiving 9.50% per pupil. Due to the DfE's change in how the historic commitments element of the High Needs Block NFF is funded (now using 2017/18 actual spend rather than budgeted spend), our High Needs Block allocation in 2022/23 has not been affected by the DfE's High Needs Block growth ceiling.
 - £1.55m (3.4%) within the Early Years Block. This is new funding (rather than the impact of transfers). The growth in funding as a cash value of £1.55m is estimated using the same 2021/22 entitlement numbers that are also used by the DfE. Actual cash growth will be affected by changes in our entitlement delivery numbers that will be recorded during 2022/23, and is expected to be lower than this. However, the headline values of funding per hour for entitlement delivery Bradford will receive in 2022/23 are increasing by 3.9% for 2 year olds and by 3.6% for 3&4 year olds. Our estimate of Early Years Block income includes the continuation of the Maintained Nursery School supplement at £1.11m.
 - We forecast that there won't be a significant change in the cash value of our Central Schools Services Block (CSSB) allocation in 2022/23. Whilst we will receive from the DfE a growth in funding per pupil of 4.97% through the NFF-led settlement, which is new funding (rather than the impact of transfers), this growth will be offset by the DfE's continued reduction in funding relating to historic commitments, with our allocation being further reduced by £0.06m to £0.23m. We currently estimate that our net CSSB allocation will be £0.11m more than we received in 2021/22.
- **Whilst recognising that further discussion may be needed with the Schools Forum to achieve this, especially within the Schools Block, we anticipate presenting to the Forum on 12 January a planned DSG budget for 2022/23, which balances 'in year' but which does also allocate a proportion of balances that are forecasted to be brought forward from 2021/22, on a one off basis, to specific formula funding-based activities and commitments. (ROWS I, J and L)**

The most substantial uses of balances that are currently anticipated, are:

- Continuing to support the costs of the Early Years Single Funding Formula within the Early Years Block, whilst maximising rates of funding for providers delivering the entitlements.
- Supporting achieving a balanced Schools Block planned budget, where the funding formulae we have proposed is not affordable when the October 2021 dataset is used. This is referred to as 'Decision 6' within the Schools Block consultation. Appendix 1 does not yet show this.
- Subject to Decision 6, the application of the Reception Uplift Factor within the Schools Block funding formula, as proposed within the consultation.

Details of the Item for Consideration

- Subject to Decision 6, the retention and allocation of the ring-fenced Growth Fund balance held within the Schools Block to help meet the cost of Growth Fund allocations in 2022/23, rather than taking a higher value of new budget from the 2022/23 Schools Block allocation.
- Subject to Decision 6, the retention and allocation of the ring-fenced Falling Rolls Fund balance held within the Schools Block to meet the cost of Falling Rolls Fund allocations, rather than taking new budget from the 2022/23 Schools Block allocation.
- Continuing to use a proportion of the ring-fenced De-Delegated Funds balance held within the Schools Block to help reduce the values of contributions that would otherwise be taken from maintained school budgets in 2022/23.
- Continuing to use the ring-fenced Disability Access Funds (DAF) balance held within the Early Years Block to continue to uplift the value of DAF funding per child that is allocated to providers.
- **We anticipate that there won't be any transfers of DSG income between blocks in 2022/23 (ROW H).** We do plan to return to the Early Years Block a proportion of expenditure on early years SEND provision that we moved to the High Needs Block following the mitigating action that we took on an exceptional basis to support the Early Years Block in 2021/22. We plan to create budget headroom within the Central Schools Services Block (CSSB) by not transferring the former Teacher Pay and Teacher Pensions Grant monies to the High Needs Block (as we did in 2021/22) so that sufficient budget is retained within the CSSB to allocate to service pressures. This is discussed further in Document NX.
- **We forecast that our DSG account will not be in deficit, either at 31 March 2022 or 31 March 2023 (ROWS M AND N).**
- **We forecast that there will be an overall net surplus of balances held at 31 March 2022 in centrally managed funds within the Central Schools Services Block, as well as in De-Delegated Funds within the Schools Block, meaning that we do not anticipate that the 2022/23 Schools Budget will be needed to write off any net deficit balances in funds carried forward from 2021/22 (ROW F).**
- **We do not plan to hold 'safety net' provision (completely unallocated contingency) within the 2022/23 planned budget (ROW E).** We do plan to continue to prudently approach our estimates of growth in spending within the High Needs Block. We also do plan to continue to hold an earmarked £1.0m budget within the High Needs Block for the EHCP Banded Model, which is expected to be at least partially used as 'stacking' of EHCP Banded Model funding continues to develop. However, except for this, any unexpected or higher than expected costs, where these cannot be met by savings elsewhere within that block, will be covered by brought forward balances. The total value of balances that are estimated to be carried forward at both March 2022 and March 2023 should ensure that the DSG remains resilient. The position of the Early Years Block however, in particular, does require close monitoring. We are hopeful that our earmarking of £0.82m of Early Years Block balances to the cost of our 2022/23 EYSFF proposals, does represent that maximum value of balances that will be needed.
- **We do not plan any addition to the 2022/23 Schools Budget from non-DSG funds (ROW K).**

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

As outlined in this paper.

Recommendations

Forum members are asked to consider the information presented in the report, for reference, in advance of making final recommendations on 12 January 2022.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – 2022/23 Indicative DSG Summary.

Contact Officer (name, telephone number and email address)

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