

Report of the Director of Finance to the meeting of the Executive to be held on 15 February 2022 and Council to be held on 17 February 2022.

BD

Subject:

Allocation of the Schools Budget 2022/23 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 2022/23 and subsequent recommendation to Full Council.

EQUALITY & DIVERSITY:

The Schools Budget proposed for 2022/23 is put forward to retain a significant amount of continuity on current practice, Dedicated Schools Grant distribution and formula funding policy and methodology. In addition to the summarised equalities impact assessment, which is presented at Appendix 1, a fuller assessment of our formula funding proposals was included in each of the consultation documents that were published in the autumn (please see the links to these in the background documents section of this report).

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Director of Finance

Portfolio: Leader of Council

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Overview & Scrutiny Area: Corporate

1. SUMMARY

- 1.1 This report informs the Executive of the allocation of the Dedicated Schools Grant (DSG) and the proposed Schools Budget for the 2022/23 financial year. The proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 12 January 2022.
- 1.2 The Schools Budget is part of the overall budget proposal for the Council, which includes:
- The recommended Capital Investment Plan (Document xx)
 - The Revenue Estimates (Document xx)
- 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 2022/23, 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. The Schools Forum is a decision making and consultative body dealing with the Dedicated Schools Grant and the Schools Budget. The Forum acts as a consultative body on some issues and a decision making body on others.

The Forum acts in a consultative role for:

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

The Forum's decision making powers include:

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

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

- 2.2 Following the Government's 'National Funding Formula' reforms, which began at April 2018, the DSG in 2022/23 is constructed in four blocks, with each block having a 'national formula' basis.

The movement to National Funding Formula is accompanied by transitional arrangements and all four DSG blocks in 2022/23 continue to include protections. However, as in 2021/22, these arrangements have again been adjusted by the Government's settlement, which, perhaps most significantly, means that Bradford's High Needs Block has increased on 2021/22 by 13.8% (+ £12.72m), including the additional supplementary funding, which is allocated in part to support the cost of the new National Insurance Levy for Social Care / the NHS. This is the third year of significant high needs funding increase. Over the 2020-2023 period, Bradford has received an additional £35m of High Needs Block funding (with our High Needs Block increasing by 50% to £105m in 2022/23). This growth has placed our High Needs Block in a stronger position and we also currently forecast that a cumulative surplus balance of £22.06m will be carried forward from 2021/22. Consideration of this High Needs Block surplus is provided in section 7 of this report.

As a consequence, it is not proposed to transfer monies out of the Schools Block in support of high needs pressures in 2022/23. We do expect, based on the latest advice from the DfE, that we will have less flexibility and significantly less headroom (new budget to allocate) within our High Needs Block settlements from April 2023. This may create new financial pressure, where our rates of growth in SEND continue at current levels and where costs (including salaries costs) continue to rise. This position is not certain (as it is based on a series of estimates), and will need to be closely monitored, but may need to be managed, especially with reference to the uncertainties that our 3 year forecast incorporates. One of these uncertainties is the financial implications of the DfE's major national SEND and Alternative Provision reviews, the outcomes of which are expected to be published by the end of March 2022 and which are expected to result in changes to the funding of high needs children and young people from April 2023.

- 2.3 The proposed allocation of the High Needs Block in 2022/23 continues to incorporate our responses to the growth in the needs of children and young people, as well as structural changes taking place in the delivery of provision.

The planned budget for 2022/23 incorporates revenue funding for the continued development of additional specialist SEND places, including the development of more special school places and places in Authority-led resourced provisions that are managed within mainstream primary and secondary maintained schools and academies. Our forecast indicates that we need to develop an additional 100 to 120 specialist SEND places in both the 2022/23 and 2023/24 academic years in order to meet demand. We are currently uncertain about how much Bradford will receive of the £2.6bn of SEND capital funding, which was announced in the Spending Review

2021, and how the DfE may open free school (special school) applications. The availability of sufficient capital funding, which is allocated for the Local Authority to spend, is critical to our development of 200-240 additional specialist places across 2022-24. The continued creation of specialist places is critical to the success of our High Needs Block Management Plan.

Members are reminded that the Council introduced at April 2020 a new Banded Model for the funding of top up for Education Health and Care Plans (EHCPs). It is our intention again to use this model in 2022/23 as the vehicle through which to release to SEND providers a significant proportion of the High Needs Block funding increase we have received. The minimum value of increase proposed in EHCP top up funding is 7.6% (with increases ranging between 7.6% and 17.7%). It is important to continue to emphasise that the way we moved to the Banded Model has meant that no EHCP that was in place at 1 April 2020 has reduced in value as a result of this change.

- 2.4 The Government has recently re-affirmed its intention to implement a 'hard' National Funding Formula for mainstream primary and secondary maintained schools and academies. Further cautious transition to this is expected in 2023/24 and in 2024/25, with a full final implementation date not yet set by the DfE. Although local responsibility is expected to be retained for the High Needs Block, Early Years Block and Central Schools Services Block, at a point in the near future, the mainstream Schools Block primary and secondary funding formula is expected to be calculated nationally and only 'passported' by the Authority to schools. However, the Authority continues in 2022/23 to have responsibility for deciding all formula funding arrangements locally, within tight regulations.
- 2.5 Given this direction of travel, a key decision for all authorities recently has been whether to adopt locally the Government's National Funding Formula for the allocation of the Schools Block to mainstream primary and secondary maintained schools and academies. Council took this decision at April 2018 and the Schools Block recommendations for 2022/23 are put forward to ensure that we continue to fully mirror the Government's National Funding Formula as this annually incrementally develops.

The Government's 2022/23 Schools Block primary and secondary mainstream National Funding Formula provides for a 'headline' increase in funding per pupil of 3.0%. This is the same level of headline increase that was provided for in 2021/22. However, maintained schools and academies will not uniformly receive 3.0%. Increases will depend on changes in pupil circumstances data and in pupil numbers, but also significantly on the school's / academy's relationships to both the Minimum Funding Guarantee (MFG) and to the Government's mandatory minimum per pupil funding levels (MFL), which are only increasing by 2.0%. The primary-phase mean average change in total formula funding per pupil is positive 2.5%. The secondary-phase mean average change is positive 2.8%. The all-through academy mean average change is positive 3.5%. The pupil circumstances data that was collected at October 2021, in particular, recorded a significant increase in the number of pupils eligible for Free School Meals (FSM), which has resulted in an additional £1.80m of formula funding for maintained schools and academies allocated through the FSM

factors. The primary phase mean average FSM increased by 2.7%, compared against October 2020's data. The secondary phase mean average FSM increased by 3.3%. We expect that this FSM increase will also result in uplift of Pupil Premium Grant allocations that maintained schools and academies will receive in 2022/23.

Increases in the cash values of formula funding and other grant allocations for individual maintained schools and academies however, will be affected by changes in the numbers of pupils recorded on roll at October 2021, compared with October 2020. The number of pupils recorded in mainstream secondary phase maintained schools and academies continues to increase overall, with 836 (+2.7%) more pupils recorded on roll at October 2021. This is the continuation of the school population bulge, which began in the primary phase. As a result of more recent demographic trends, the number of pupils recorded in mainstream primary phase maintained schools and academies has begun to reduce, with 401 (-0.7%) fewer pupils recorded on roll at October 2021. This reduction is forecasted to continue in the medium term and, as a result, formula funding levels in the primary phase are also forecasted to continue to reduce.

In consultation with the Schools Forum, the Minimum Funding Guarantee (MFG) for primary and secondary maintained schools and academies is proposed to be set at positive 2.0% in 2022/23, meaning all schools / academies will receive a minimum 2.0% increase in per pupil funding, using the DfE's prescribed methodology. 2.0% is the maximum MFG that is permitted by the Regulations. The MFG is a significant factor in Bradford, providing funding protection in particular for our primary phase, where 67 out of 156 (43%) maintained schools and academies receive funding through it. In total, 73 out of 191 (38%) primary and secondary maintained schools and academies in Bradford are funded on the MFG in 2022/23. This number is reduced from 109 (57%) maintained schools and academies that were funded on the MFG in 2021/22. This means that fewer schools and academies are reliant in 2022/23 on the protection that the MFG provides and that a greater number of schools and academies will receive more than 2.0% increases in per pupil funding.

A significant element of the Government's National Funding Formula for mainstream primary and secondary maintained schools and academies in 2022/23 is the requirement that all primary maintained schools and academies receive a minimum of £4,265, and all secondary maintained schools and academies a minimum of £5,525, per pupil. These minimums (MFL) for both phases have been increased by 2.0% on the minimums that were in place in 2021/22. The funding of 34 (out of 156) primary schools / academies and 2 (out of 31) secondary schools / academies in Bradford is increased by this requirement. In total, 36 out of 191 (19%) schools and academies are funded on the MFL factor in 2022/23. This is reduced slightly from 43 (23%) that were funded on the MFL factor in 2021/22.

Not allocated within the Dedicated Schools Grant, so not within the scope of this report, but of significance for their financial positions, the DfE has announced the introduction of additional grant funding for the 2022/23 financial year for primary and secondary mainstream maintained schools and academies, known as the 'Supplementary Grant'. This is additional funding that is being allocated to support the cost of the new National Insurance Social Care / NHS Levy, as well as wider

priorities and pressures, including continued COVID-19 pandemic recovery and the absorption of pay awards. We estimate that our maintained primary and secondary schools will receive £4.5m of funding via this grant in 2022/23. How this grant exactly relates to existing COVID-19 pandemic support grants is currently a little uncertain. The Spending Review 2021 did however, state that the COVID-19 Recovery Premium will continue for the 2022/23 and 2023/24 academic years, at the same rate of funding for the primary phase, but with a significant increase in the rate of funding for the secondary phase. The DfE has also previously announced the continuation of the School-Led Tutoring Grant in 2022/23 and in 2023/24, but at reducing subsidy values.

- 2.6 In recent years, the increases allocated to the Early Years Block by the national settlements have been substantially lower than the settlements for primary and secondary maintained schools and academies. For example, whilst the Schools Block settlement was 3.0%, Bradford's rate of funding for 3&4 year olds increased by only 1.30% in 2021/22. As a consequence, the rates of funding allocated by the Local Authority to providers, for their delivery of the early years entitlements, have not increased recently to the same extent.

The increases that are provided in the Early Years Block settlement in 2022/23 however, are significantly improved and are comparable with the Schools Block. Bradford's rate of funding from the DfE for the 3&4-year-old entitlements is increased from £4.69 to £4.86 per hour. This represents an increase of + 3.62%. Bradford's rate of funding from the DfE for the 2-year-old entitlement is increased from £5.36 to £5.57 per hour. This represents an increase of + 3.92%. The rates that are proposed to be set in our 2022/23 Early Years Single Funding Formula (EYSFF) are uplifted to pass the majority of these increases through to early years entitlement providers. To put these increases into wider context however, whilst maintained schools and academies will receive in 2022/23 a small amount of additional funding, for their early years provisions, from the Supplementary Grant, PVI providers will not be eligible for this grant (set by DfE conditions). Therefore, the full cost of all salaries increases, including from the National Living Wage and from the new National Insurance Levy, will need to be met by PVI providers from Bradford's EYSFF funding.

Also for important wider context, as outlined in paragraph 2.5 for the primary phase, recent demographic trends have resulted in a reduction in the numbers of early years children across the District. As a result, although per child funding rates are increasing, the total value of funding that will be allocated to early years entitlement providers is expected to reduce overall, because their delivery will also reduce. The cash value of our Early Years Block received from the DfE is also estimated to reduce by £3m (6.8%) in 2022/23.

A matter of significant uncertainty for the Early Years Block has been the settlement for maintained nursery schools. Bradford currently receives a discrete sum (a 'supplement'), which is used to protect our 7 maintained nursery schools at historic (2016/17) funding levels. Without this supplement, these schools would each lose in the region of a third of their funding, meaning that they are unlikely to remain financially viable in their current forms. The DfE has confirmed the continuation of this supplement funding for the full 2022/23 financial year, which is a positive step.

Unfortunately however, the DfE has not yet announced the continuation or otherwise of the supplement after this. In practical terms, this does impede provision and financial planning.

2.7 The reports to Council on the Schools Budget, presented prior to 2020/21, highlighted the extent to which increases in funding were insufficient to match growth in costs, especially in salaries, leading to maintained schools, academies and other providers being required to deliver structural budget savings. The funding increases that have been provided by the 2020/21, 2021/22 and now the 2022/23 financial year DSG settlements however, have substantially improved. To summarise the main features of this improvement for Bradford in 2022/23:

- Mainstream primary and secondary maintained schools and academies, that are now funded on the DfE's mandatory minimums (MFL), have seen significant growth in their funding levels over the last 3 years.
- The vast majority of secondary schools and academies, and more than half of primary schools and academies, are funded in 2022/23 above the Minimum Funding Guarantee, set at 2.0%. Following the collection of updated pupil circumstances data, funding for individual schools and academies has now responded to increases in Free Schools Meals numbers, meaning that more funding is allocated in 2022/23 in support of this pupil-led need. It is expected that Pupil Premium Grant allocations will also increase.
- Mainstream primary and secondary maintained schools and academies will receive an additional Supplementary Grant in 2022/23, which will directly support the cost of the new National Insurance Levy and will provide additional resources for school priorities and pressures, including the absorption of pay awards and COVID-19 pandemic recovery. It is expected that this new funding is allocated in addition to the continuing Recovery Premium.
- The pay freeze for teachers at September 2021 has positively benefited maintained school and academy budgets and this benefit will continue within the salaries costs that transfer into 2022/23.
- Our Early Years Single Funding Formula proposals increase base rates of funding for early years entitlement providers by more than 3% in 2022/23.
- Through our Banded Model, we are proposing to continue to substantially increase the value of top up funding that is allocated to schools, academies and providers in support of Education Health and Care Plans (EHCPs). High needs providers will also receive additional top up funding for the National Insurance Levy through this Model. We propose to continue to apply our strengthened SEND Funding Floor arrangement, which supports mainstream primary and secondary maintained schools and academies to meet their responsibilities for the first £6,000 of the cost of the additional needs of all pupils.

Against this position, the health of the budgets of individual schools, academies, and providers will vary and will be dependent on a number of factors. In terms of areas of

possible pressure for Bradford in 2022/23, we highlight:

- Locally, education budgets will still be required to absorb the impact of pay award, incorporating the teacher pay award, the officer (NJC) pay award, the increase in the National Living Wage and employer contributions to staff pension costs. The increase in the National Living Wage (+6.6%), in particular, may be significant for the early years Private, Voluntary and Independent (PVI) sector.
- Regarding teacher pay, it is expected that the DfE will agree in the summer term a pay award at September 2022. The DfE has asked the STRB to provide its recommendations, to include the transition towards establishing a minimum £30,000 salary for a qualified teacher. We estimate, for planning purposes, that the pay award for teachers at September 2022 could be concluded on the basis that an overall 3.0% increase in the national teacher pay bill is affordable within the 2022/23 DSG settlement. An award at this level will have a varying impact, and may create some financial pressure in schools, academies and other providers that are not receiving c. 3% increases in funding. In this context, we highlight that the settlement for 43% of primary schools and academies, whilst protected, is only at the level of the Minimum Funding Guarantee, which is 2.0%. Schools and academies that are funded on the DfE's mandatory minimum funding levels will also only see a 2.0% per pupil funding increase.
- As well as pay award, schools, academies and providers will need to absorb the impact of inflation on the prices of goods and services, including on energy costs. Inflation is expected to be higher in 2022/23 than levels that have been absorbed by delegated budgets in recent years.
- Demographic trends are reducing the numbers of early years children and primary phase pupils across the District. The cash funding that some schools, academies and early years providers receive will reduce, which will require spending adjustments at the same time as increased costs are absorbed.
- The COVID-19 pandemic continues to have implications for the budgets of schools, academies and other providers, because of additional expenditure that is being incurred, including in support of education recovery as well as staff absence cover (for which the DfE is currently providing additional grant and exceptional schemes of support), and also because income generation (for example, from lettings), whilst this has recovered from 2020/21, is still generally lower in schools than the levels that were seen before the pandemic.
- Schools, academies and providers, in their management of their delegated funds, continue to need to take prudent decisions understanding that there is uncertainty for the near-future. This includes uncertainty regarding funding increases from April 2023, pay awards in 2022/23 onwards, and the financial implications of the major national SEND and Alternative Provision reviews.

2.8 In summary, Bradford has received in 2022/23, compared against 2021/22:

- An additional £14.34m within the Schools Block (+ 3.1%). £11.58m comes from the Government's headline 3% uplift of its National Funding Formula, alongside the commitment to allocate an increased minimum level of per pupil funding. £2.70m comes from the continued growth in pupil numbers in our secondary phase, netted against the reduction in pupil numbers in the primary phase. Other smaller adjustments account for an increase of £0.06m.
- An additional £12.72m within the High Needs Block (+ 13.8%). £8.46m comes from the Government's uplift of its National Funding Formula. £3.85m comes from the additional Supplementary Grant. £0.41m comes from the growth of our special school population and from other minor adjustments.
- An estimated reduction of £2.97m within the Early Years Block (- 6.8%). This is the total position resulting from the Government's National Funding Formula rate uplifts, net of the estimated reduction in entitlement delivery numbers to be funded in 2022/23. The Early Years Block continues to include the full year value of the supplement for maintained nursery schools.
- An additional £0.11m within the Central Schools Services Block (+ 3.2%). This increase comes from the Government's uplift of its National Funding Formula, which is partially offset by the reduction in funding for our historic commitments.

2.9 The total estimated value of Dedicated Schools Grant (DSG) available for distribution in 2022/23 is £665.617m, which includes a forecasted cumulative value of underspend (one off carry forward balance / reserve) up to 31 March 2022 of £32.115m (5.0%). The recommended distribution of this Schools Budget is summarised in this table:

Description	Early Years Block £m	Schools Block £m	High Needs Block £m	Central Schools Services Block £m	Total DSG £m
Estimated DSG available 2022/23	£40.548	£484.375	£105.048	£3.531	£633.502
Estimated DSG B'fwd from 2021/22	£4.001	£6.375	£21.739	£0.000	£32.115
Total Estimated DSG (Schools Budget) 2022/23	£44.549	£490.750	£126.787	£3.531	£665.617
Delegated to Schools / Providers	£40.116	£482.579	£96.900	£0.000	£619.596
Non-Delegated Items	£0.432	£1.796	£7.829	£3.531	£13.588
Allocation of One Off	£0.735	£0.747	£0.000	£0.000	£1.482
Total Funding Allocated	£41.282	£485.122	£104.729	£3.531	£634.665
Difference (C'Fwd)	£3.267	£5.628	£22.058	£0.000	£30.952

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

2.10 Elected Members are asked to consider and to approve the 2022/23 Schools Budget, as proposed in this report. This proposed Schools Budget incorporates the decisions

and recommendations that were made by the Schools Forum on 12 January 2022. Should Elected Members wish to propose amendments to this Schools Budget then representation must be made back to the Schools Forum.

3. SCHOOLS FORUM DECISIONS & RECOMMENDATIONS ON THE ALLOCATION OF THE SCHOOLS BUDGET 2022/23

(£000)

Total Estimated DSG (Schools Budget) Available 2022/23 **£665,617**

3.1 The Schools Block **£484,375**

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

For 2022/23, the Schools Block is calculated on National Funding Formula-based primary and secondary per pupil values x October 2021 census pupil numbers, plus additional defined cash allocations. Bradford's primary phase amount per pupil (£app) is £4,703 (+2.33% on 2021/22); our secondary phase £app is £6,211 (+2.79% on 2021/22). These values have been derived by the DfE through the amalgamation of the allocations that individual maintained schools and academies in Bradford would receive via the National Funding Formula and following the application of minimum floors. Additional cash allocations total £13.35m, for Business Rates (£3.77m), Split Sites (£0.44m), PFI (£6.82m) and Pupil Numbers Growth (£2.32m).

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

3.2 The High Needs Block **£105,048**

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

High Needs Block allocations are calculated via National Funding Formula under transitional arrangements. Bradford receives £4,661 for pupils in special schools and special school academies (including independent special schools), plus 50% of the value of our High Needs Block actual spending as it was in 2017/18, plus an allocation using the National Funding Formula, which is based on population, deprivation and other needs-led data. The Authority then also receives an allocation of £2.09m for Education in Hospital and home tuition (medical needs) provision and £0.25m in respect of the former Teacher Pension Grant that is allocated to alternative provisions. Finally, an adjustment is made to recognise the cross border movement of children between authority areas.

In addition to the High Needs Block settlement, which was previously announced in summer 2021, the DfE has further uplifted 2022/23 High Needs Block allocations further via additional 'supplementary funding'. This funding has been allocated to support the costs to the Local Authority, and to high needs providers, that will come from the Social Care / NHS National Insurance Levy from April 2022 and to support the additional knock on costs to the High Needs Block that will come from the delivery in the 2022/23 academic year of the additional learning hours for 16-19 students in post-16 provisions, which is being funded by the Government as part of COVID-19 education recovery. Bradford has been allocated an additional £3.848m of supplementary funding, which is included in the £105.048m. Incorporating this, Bradford's High Needs Block has increased by £12.717m (13.8%) in cash budget terms on 2021/22.

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

(£000)

3.3 The Early Years Block £40,548

This Block funds delegated allocations, and a smaller value of funds held centrally, relating to the delivery of the entitlements to early years education for eligible 2, 3 and 4 year olds in maintained nursery schools, primary maintained schools and academies with nursery classes, and Private, Voluntary and Independent (PVI) settings. The value of this Block is estimated and will be finalised on the number of eligible children that are recorded in the January 2022 and January 2023 censuses x £4,617 per FTE (£4.86 per hour; + 3.62% on 2021/22) for children aged 3 & 4 and £5,292 per FTE (£5.57 per hour; + 3.92% on 2021/22) for children aged 2.

Estimated figures of £0.437m and £0.248m are included for the Early Years Pupil Premium and for the Disability Access Fund. In addition, an estimated £1.190m is currently included for the DfE's Maintained Nursery School supplement.

(£000)

3.4 The Central Schools Services Block £3,531

The Central Schools Services Block was established at April 2018, when a number

of items previously funded via ‘top-slice’ within the Schools Block were transferred to this Block and given a formula basis. These included Pupil Admissions and Local Authority statutory duties that are held in respect of all state funded schools and academies and that were previously funded through the now ceased Education Services Grant.

The 2022/23 allocation is calculated on a National Funding Formula. Bradford receives £37.20 per pupil (+4.97% on 2021/22) x October 2021 census numbers recorded in primary and secondary maintained schools and academies, plus a lump sum of £0.225m relating to the value of ‘historic commitments’ spend we recorded in 2017/18. This additional £0.225m has been reduced from the £0.281m funded in 2021/22 and is set to be fully phased out by the DfE over time.

3.5 Estimated DSG Balance Brought Forward from 2021/22 £32,115

Final DSG allocations are not confirmed by the DfE until later in the financial year and the Authority’s proposals are based on estimates of expenditure, especially within the High Needs and Early Years Blocks. These estimates are reconciled at the end of each year and differences are added to the DSG in the next year’s planned budget. Decisions taken in previous years have already committed a proportion of the sum estimated to be carried forward from 2021/22.

The table in paragraph 2.9 separates the total estimated DSG carry forward balance into the four blocks. This follows our local informal ‘block earmarking’ approach to the management of DSG balances, which has been agreed with the Schools Forum. For formal (external) purposes however, a single DSG carry forward figure is recorded. DSG balances are not ring-fenced by the Regulations and can be used cross-block.

4. ALLOCATION TO DELEGATED BUDGETS (£000)

Total Allocated to School / Provider Delegated Budgets £619,596

Broken down as follows:

4.1 Early Years Providers via Single Funding Formula £40,116

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

- Maintained Nursery Schools 3 / 4 year old universal and extended entitlements, incorporating the estimated Maintained Nursery School supplement £3.390m.
- Nursery Classes in Maintained Primary Provisions 3 / 4 year old universal and extended entitlements £5.879m.
- PVI Providers (including academies) 3 / 4 year old universal and extended entitlements £23.661m.

- The entitlement for the 40% most deprived 2 year olds £6.736m.
- Early Years SEND Inclusion for 2 Year Olds £0.100m.
- Early Years SEND Inclusion for 3&4 Year Olds £0.400m.
- Early Years Pupil Premium £0.437m.
- Disability Access Fund £0.248m.
- Adjustment for the planned spending of balance brought forward (minus) £0.735m.

Due to the timing of the DfE's announcements on early years funding for 2022/23 later in autumn 2021, the Authority completed on 24 January a consultation on our Early Years Single Funding Formula (EYSFF) proposals. At its meeting on 12 January, the Schools Forum gave its full formal support to the Authority's proposals, subject to the wider outcomes of our consultation. 4 other responses to the consultation were received; 3 from PVI providers and 1 from a maintained nursery school. These responses also generally supported the Authority's proposals (either strongly or 'on balance'), whilst making comments in some areas about the insufficiency of funding (funding rates in the context of salaries costs and EYIF funding) and making some suggestions, which, unfortunately, are either not financially possible (limited by the value of funding Bradford receives from the DfE) or are not permitted by the national Regulations.

The Authority therefore, following the School Forum's support, recommends that the Early Years Single Funding Formula (EYSFF) that was set out in the Authority's consultation is used to calculate budget shares for all providers delivering entitlement provision for 2 and 3 & 4 year olds in 2022/23. A summary of Bradford's recommended EYSFF is attached at Appendix 3. In headline:

- For the delivery of the 2 year old entitlement, providers will continue to be funded on a single flat rate per child per hour, with no additional supplements. This rate was £5.36 in 2021/22. Our rate of funding for providers in 2022/23 will be £5.55 per child per hour. This passes the majority of the DfE's uplift onto providers (£0.19 out of the £0.21 uplift), with £0.02 contributing to the cost of access to eligible 2-year-olds to the Early Years Inclusion Fund (EYIF).
- Regarding the 3&4 year old entitlement, the Universal Base Rate (UBR) in 2022/23 will be £4.39 per child per hour. This is an uplift of £0.14 on the £4.25 funded in 2021/22. This uplift passes through to providers the majority of the DfE's uplift (£0.14 out of the £0.17 uplift). Of the remaining £0.03 uplift, £0.01 is allocated to providers through the uplift in Deprivation and SEND supplement rates, which automatically comes from increasing the UBR, and £0.02 is contributing to the overall financial position of the Early Years Block, factoring in all costs. We continue to 'pause' the previously planned reduction in spend on the Deprivation & SEND Supplement, meaning that spending on this supplement is retained at 8% in 2022/23. Progress towards the previously planned reduction, ultimately to 6%, will be reviewed again for 2023/24. We have not introduced any further supplements into our 3 & 4 year-old EYSFF. New supplements would dilute further both the Universal Base Rate and the Deprivation & SEND rates at a time when we see our priority to be to maximise the value of the UBR for all

providers.

- Regarding the funding of the 3&4 year old entitlements in Maintained Nursery Schools, the protected setting base rate will be £5.98 per hour. This is the 2021/22 protected £5.84 uplifted by £0.14, in line with the uplift that is applied to the 3&4 year old Universal Base Rate for other providers. The Deprivation and SEND supplement rates for each maintained nursery school are protected at their 2016/17 values (as they have been since 2017), plus 3.29%. The lump sum sustainability supplement will continue to be calculated using the 2021/22 methodology, but with the values of the protection factors uplifted by 3.29%.
- Our existing SEND Inclusion Fund will continue to be used to allocate additional monies to early years providers to support their meeting the needs of eligible children identified with low level emerging SEND.
- We will continue to allocate Disability Access Fund (DAF) at an enhanced value of £1,000 per child (above the DfE's prescribed £800 minimum), using a proportion of balance brought forward in support of the cost of this enhancement, if this is required.

97.2% of our 2022/23 3&4 year old entitlement funding will be passed-through to providers. Our Early Years Block planned budget complies with the DfE's statutory restrictions for the funding of 3&4 year old hours delivery concerning a) the minimum 95% pass-through and b) the maximum 10% spend on supplements. Our planned budget also complies with the DfE's expectation that the specific Maintained Nursery School supplement is allocated to protect maintained nursery school funding at pre-national reform (2016/17) levels.

(£000)

4.2 Primary and Secondary Schools and Academies

£482,579

Primary Phase £254.411m.

Secondary Phase £228.168m.

The Schools Forum has recommended to:

- Use the formula outlined in Appendix 1 to calculate delegated budget shares for mainstream primary and secondary maintained schools and academies. This formula has been agreed following consultation with schools and academies in autumn 2021. We submitted the final version of the required Pro-forma on 18 January 2022 and this is subject to final validation by the Education & Skills Funding Agency.
- Continue to fully mirror the Government's National Funding Formula, meaning that we:

Amend our minimum levels of per pupil funding to match the mandatory values of £4,265 primary and £5,525 secondary.

Amend our local formula to mirror the Government's 2022/23 National Funding Formula values for existing factors. The values of these factors have broadly increased between 2% and 3% on 2021/22.

- Set the Minimum Funding Guarantee at the maximum permitted + 2.00%.
- Apply the 'Reception Uplift' factor for the primary phase, at this time on a one off exceptional basis for 2022/23 only, with the cost of this factor funded from the primary-phase specific element of the Schools Block brought forward balance.
- Continue to use our existing local formula for the funding of maintained schools and academies that operate across split sites, as this is not yet covered by the National Funding Formula. Continue to pass through the specific PFI (Building Schools for the Future) DSG affordability gap values using our current method. Continue to fund business rates at actual cost, with this cost currently estimated.
- Continue to use our existing methodology for the definition of notional SEND budgets for mainstream primary and secondary maintained schools and academies within the Schools Block funding formulae.
- Retain, with their existing criteria and methodologies, the additional funds that are initially managed centrally within the Schools Block (with some then released to eligible schools / academies during the year) – Growth Fund, Falling Rolls Fund (primary phase only), De-delegated Funds (maintained schools only).

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

(£000)

4.3 **Special Schools and Special School Academies** **£35,924**

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

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

The 2022/23 planned budget of £35.924m is calculated on 1,540 places on a full year 2022/23 academic year basis across 8 special schools / academies.

The Council introduced at April 2020 a new Banded Model for the funding of top up for Education Health and Care Plans (EHCPs). This Banded Model, uplifted as set out in Appendix 2 for 2022/23, is proposed to continue to be used to allocate top up funding for pupils with EHCPs placed in special schools and in special academies.

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

(£000)

4.4 Pupil Referral Units (PRUs) & Alternative Providers £3,918

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

The 2022/23 planned budget makes provision in total for 165 places on a full year basis to be available for turn-around provision for pupils permanently excluded. We propose to continue to calculate top up for this provision using the Day Rate Model, which was first introduced at April 2020. The rate of funding allocated by the Day Rate Model is proposed to increase in 2022/23 by 7.60% (inclusive of the allocation of the supplementary funding).

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

4.5 School-Led SEND Resourced Provisions (Primary & Secondary) £6,241

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

The planned budget of £6.241m is calculated on 343 places across 23 provisions for the 2022/23 academic year.

School-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 2.

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)

4.6 Authority-Led SEND Resourced Provisions (Primary & Secondary) £5,625

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

The planned budget for Authority-Led SEND Resourced Provisions incorporates both the budget for the long-established sensory provisions as well as the growing budget for the SEND resourced provisions that began to be established from 2019 as part of the Authority's strategy to deliver additional specialist SEND places.

The planned budget of £5.625m is calculated on 236 places in total for the 2022/23 academic year, with 100 places attached to the 4 established sensory provisions and 136 places attached to 7 developing SEND provisions.

Authority-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 2.

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

4.7 Pupils with EHCPs in Mainstream Schools and Academies £12,921

Top up funding is delegated to mainstream maintained schools / academies for pupils with Education Health and Care Plans (EHCPs). The Banded Model, as set out in Appendix 2, is proposed to apply to the calculation of this top up for 2022/23. The planned budget of £12.921m incorporates a forecasted net 5% increase in cost as a result of the continued growth in the numbers of EHCPs that are anticipated to be placed in mainstream maintained schools / academies during 2022/23.

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

The planned budget of £12.921m incorporates the SEND Funding Floor, which is a factor that ensures a minimum level of funding for SEND provision in primary and secondary maintained schools and academies. The Floor is aimed at ensuring that no mainstream primary or secondary school / academy will have to manage from their own formula funding an above phase-average cost pressure in respect of their

commitment to fund the first £6,000 of cost for their pupils with EHCPs. As well as supporting provision for pupils with EHCPs, the Floor is aimed at protecting the funding used by schools / academies to support their wider AEN (Additional Educational Needs), SEND and AP (Alternative Provision) activities. It directly financially supports schools / academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools / academies that may have lower levels of AEN formula funding and that may be smaller in size. It also supports schools / academies that may have some turbulence in formula funding as a result of in year pupil numbers changes.

We introduced our current SEND Funding Floor in 2021/22. At that time, the Floor was put forward as a trial, for one year only, and being subject to further review, including in the light of the outcomes of the DfE’s expected national reviews. These national reviews are now set to be published before the end of March 2022, but will not affect formula funding for the 2022/23 financial year. As such, we propose to continue our existing Floor mechanism for a further year, pending further review. As part of the continuing discussions with the Schools Forum, as outlined in section 7, on the position of the surplus balance that is forecasted to be held within the High Needs Block at 31 March 2022, we may further enhance the financial support that is provided by the Floor in 2022/23.

(£000)

4.8 Post-16 Further Education / Special Post 16 Institutions (SPIs) £7,718

Places for high needs students at post-16 are funded at £6,000. For top up funding, Further Education providers and SPIs are funded for the vast majority of their Post-16 high needs students at 60% of the values prescribed by the Banded Model, as set out in Appendix 2. The main exception is students with the primary need of sensory impairment, where funding is calculated on an actual cost basis.

The planned budget of £7.718m is calculated on 404 places commissioned by the Authority in the 3 main Bradford-located Further Education Colleges for the 2022/23 academic year, plus provision for the estimated cost of top up allocations to all Post 16 provisions and for the cost of potential growth in places during the year.

Please note that the budget of £7.718m does not specifically cover the cost of the delivery of the additional learning hours for 16-19 students for the 2022/23 academic year, which is part of the Government’s funded COVID-19 recovery plan. This additional cost will be supported by the £3.848m supplementary funding (please see paragraph 4.14). Please also note that the place funding for the 3 FE colleges 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 Provisions £1,507

Early years resourced provisions are attached to 5 maintained nursery schools and will continue to be funded via the Place-Plus framework. The Banded Model set out in Appendix 2 applies to the calculation of top up from April 2022.

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

The planned budget of £1.507m is calculated on an allocation of 78 FTE places for the 2022/23 academic year.

4.10 Placements in Out of Authority & Independent Settings £14,750

The cost of placements of pupils with EHCPs in out of authority and in independent settings is calculated on an actuals basis, with this total cost appropriately shared between the DSG (education), health and social care. The funding of independent providers currently sits outside the national Place-Plus framework. The number and cost of placements commissioned by the Authority has continued to increase due to demand and pupil population growth. The planned budget of £14.750m is calculated estimating that the cost in 2022/23 will continue to grow at current rates. The cost of these placements is expected to be additionally supported by the supplementary funding (please see paragraph 4.14).

4.11 Provision for the Creation of Additional SEND Places £1,820

The planned budget includes £1.820m, which is a part year (7 months) revenue provision to support the creation of a further 120 specialist SEND places. Given the projected continued growth in demand, the Authority will continue to seek to create SEND places on an on-going basis and will make revenue budget provision for this from the High Needs Block.

4.12 Additional Provision for the Banded Model £1,000

The 2022/23 planned budget continues to retain an earmarked contingency provision of £1.000m, which is available to cover further costs that may potentially come from the continued implementation and embedding of the EHCP Banded Model, which was first introduced at April 2020.

(£000)

4.13 Former Teacher Pay and Pensions Grants £1,628

We were required in 2021/22 to add into our formula funding arrangements for specialist settings the allocation of the Teacher Pay Grant (TPG) and the Teacher Pension Grant (TPECG), in response to these grants being transferred into the High

Needs Block. Prior to this, these grants were allocated to providers separately and in addition to place-plus funding.

We propose to continue to allocate these monies in 2022/23, as we have done in 2021/22, on a place-led basis. Unlike main place-element funding however, the Authority will continue to allocate these monies to academies as well as to maintained schools and to PRUs.

4.14 **High Needs Block Supplementary Funding** **£3,848**

The DfE announced in December 2021 that local authorities will be allocated in 2022/23 additional 'supplementary funding', over and above the High Needs Block settlement values that were announced in summer 2021. Bradford will receive an additional £3.848m. The two main purposes of this funding are:

- To support the additional costs, to the Local Authority and to providers delivering high needs provision and services, resulting from the Social Care / NHS National Insurance Levy, to be introduced from April 2022. A proportion of the £3.848m (estimated at £1.05m) will be allocated to high needs providers in receipt of delegated funding via our EHCP Banded Model and via the PRU Day Rate Model. The enhanced rates of top up funding for EHCPs, that are shown in Appendix 2, include the allocation of this supplementary funding. A proportion of the funding will also be used by the Local Authority to meet the expected increase in the cost of placements of pupils in out of authority, non maintained and independent provisions, as a result of the new levy.
- To support the additional knock on costs to the High Needs Block that will come from the delivery in the 2022/23 academic year of the extra hours of study for students 16-19 in post-16 provisions, which is being funded by the Government as part of COVID-19 education recovery. A proportion of the supplementary funding will be used by the Local Authority to meet the expected increase in the cost of top up funding that will be allocated to post-16 providers that offer the extra study hours and that incur further costs in doing so in respect of their high needs students.

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

Total Allocated to non-delegated Budgets **£13,588**

Broken down as follows:

The School and Early Years Finance (England) Regulations (as amended) have,

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

5.1 Schools Block non-delegated budgets £1,796

A total of £1.796m is recommended to be held within the Schools Block for the following purposes. Please note that some of the monies below that are initially retained will actually be delegated to schools and academies during 2022/23.

- £0.937m for items de-delegated from maintained mainstream primary and secondary schools. De-delegated funds continue in line with 2021/22, but with the addition of a new fund to replace the monies that the Local Authority has previously received via the DfE's School Improvement Monitoring and Brokering Grant (SIMB). The SIMB Grant, which provides funding to the Local Authority to support school improvement, support and intervention in maintained schools, is being reduced by 50% in 2022/23 and is ceasing at April 2023.
- £0.859m of provision for new growth (pupil numbers expansions in secondary maintained schools and academies) at September 2022. The cost of growth, in both the primary and secondary phases, will be supported by the balance that will be brought forward from 2021/22. Please see section 7.
- £0.000m for the 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. Any cost of the Falling Rolls Fund in 2022/23 will be met from the balance that will be brought forward from 2021/22, rather than by taking new budget from the 2022/23 Schools Block. Please see section 7.

5.2 High Needs Block non-delegated budgets £7,829

A total of £7.829m is recommended to be held centrally within the High Needs Block for the following purposes:

- £5.015m for Local Authority centrally managed SEND teaching support services.
- £1.493m for the Authority's statutory home tuition and education in hospital alternative provision for children and young people not able to access school for medical reasons.
- £0.825m for the DSG's contribution to the Affordability Gap for Building Schools for the Future for special schools.

- £0.496m of smaller budgets, including copyright licences for special schools and PRUs, speech and language therapy services and specialist equipment.

(£000)

5.3 Early Years Block non-delegated budgets £432

A total of £0.432m is recommended to be held centrally within the Early Years Block for the following purposes:

- £0.204m for the Early Years Block's contribution to early years high needs support services, specifically the Area SENCOs function that is managed by the Local Authority in respect of Private, Voluntary and Independent early years providers. This budget was temporarily funded by the High Needs Block in 2021/22 and is now returned to the Early Years Block.
- £0.100m, which is a new budget in 2022/23 for the purpose of beginning to increase the Local Authority's capacity that is available to support the delivery of the Authority's early years function and entitlement arrangements, focusing, in particular, on communication, provider sustainability, quality, compliance and on the processes that are required for the effective delivery of the Early Years Single Funding Formula, in support of parents and providers.
- £0.095m to continue maintained nursery school access to relevant agreed 'de-delegated' funds.
- £0.033m continuing charge for copyright licences.

97.2% of our 2022/23 3&4 year old entitlement funding will be passed-through to providers in 2022/23, based on current estimates of entitlement delivery.

5.4 Central Schools Services Block £3,531

The £3.531m is recommended to be allocated as follows:

- £0.011m Schools Forum costs.
- £0.931m Pupil Admissions. The base budget is increased by £0.150m in 2022/23, in response to the Service's requirements.
- £1.559m Statutory Duties delivered by the Authority on behalf of all state funded schools, including academies.
- £0.368m Copyright Licences Schools Block, on behalf of primary and secondary maintained schools and academies.
- £0.472m Education Access Officers.

- £0.140m, which is a new budget in 2022/23 to support the Local Authority's statutory education services planning (places planning) and consultation function.
- £0.050m of Central Schools Services Block is proposed to be 'held back' at this stage to ensure on-going structural resilience, identifying that there are continuing service spending pressures that may need to be met in 2022/23.

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

Total allocated on a one off basis in 2022/23 £1,482

The £1.482m is made up of the following 3 recommended allocations:

- Schools Block: £0.495m, which is proposed to enable the addition of the Reception Uplift factor within the 2022/23 financial year mainstream primary-phase funding formula. This factor is included in Appendix 1.
- Schools Block: £0.252m, which is to be allocated into the 2022/23 Schools Block planned budget in order to afford our proposed mainstream primary and secondary funding formula, as set out in Appendix 1.
- Early Years Block: £0.735m, which is earmarked to support the estimated cost of our Early Years Single Funding Formula (EYSFF) in 2022/23.

7. AMOUNT NOT ALLOCATED IN 2022/23 (£000)

Total amount not allocated in 2022/23 £30,952

The £30.952m of balance forecasted to be retained at the planned budget stage / carried forward into 2022/23 is made up of the following sums.

Schools Block £5.628m:

- £1.051m of Growth Fund balance, which is ring-fenced to support additional costs of pupil numbers growth in 2022/23 and on-going.
- £0.500m retained as the ring-fenced balance for the primary-phase Falling Rolls Fund. Whilst a report on the position of this fund (on allocations to schools and academies in 2021/22) will be presented to the Schools Forum in March 2022, we anticipate that there won't be any allocations. The £0.500m balance therefore, is expected to be held in support of the cost of potential allocations to be agreed in 2022/23, as no new budget for this fund has been taken from the 2022/23

Schools Block. Should the £0.500m balance still substantially be held at March 2023, we have discussed with the Schools Forum an outline proposal that this could be transferred into the Growth Fund for spending on the completion of growth.

- £0.795m of balance ring-fenced to de-delegated funds for maintained schools. An amount of this balance (estimated £0.150m) is earmarked to be released in 2022/23 to support the cost of contribution to the maternity / paternity insurance scheme. The £0.795m balance will also be used to support any further costs arising from deficits held by sponsored primary academy converters, as no new budget is de-delegated for this purpose.
- £0.650m for the deficit of a school converting to academy status.
- £0.422m that is earmarked to be spent in support of the primary-phase funding formula in 2023/24. The £0.422m is the remainder of the £0.917m balance that is brought forward from 2021/22, after £0.495m is allocated to the Reception Uplift Factor in 2022/23.
- £2.210m resilience reserve. This sum is effectively the remaining unallocated balance within the Schools Block.

Early Years Block £3.267m:

- £0.072m of balance ring-fenced to de-delegated funds for maintained nursery schools.
- £0.458m retained and earmarked for the Disability Access Fund (DAF). The Authority proposes to continue to enhance the value of the DAF allocation paid per child in 2022/23, paid at £1,000, which is above the £800 minimum that is set by the DfE. A proportion of the £0.458m balance will be used in support of the cost of this enhancement, if this is required.
- £2.737m retained to be used in support of the cost, including any unexpected or higher than expected cost, of the Early Years Funding Formula (EYSFF) in 2022/23 and going forward.

High Needs Block £22.058m:

- The first call on the £22.058m will be meeting in year the cost of change, as well as supporting any unexpected costs that may arise across 2022/23, after the planned budget has been agreed by Council.
- The second call on the £22.058m will be supporting sustainability, the stability of provider funding, and the avoidance of cumulative deficit in the High Needs Block over the medium term, forming part of our DSG Management Plan. We expect that we will have less flexibility and significantly less headroom (new budget to allocate) within our High Needs Block settlements from April 2023. It is forecasted

that this will new financial pressure, as our rates of growth in SEND are expected to continue, and costs (including salaries costs) are expected to continue to rise. Our current High Needs Block forecast, based on the latest income advice from the DfE, indicates that there is risk of developing a 'structural deficit', as this forecast predicts the incremental growth of a recurrent annual over-spend. This position is not certain (as it is based on a series of estimates), and will need to be closely monitored, but may need to be managed, especially with reference to the uncertainties that our forecast currently incorporates. This includes the financial implications of the major national SEND and Alternative Provision reviews. In the context of the DfE's latest advice, of these uncertainties, and of the necessity of our further expansion of specialist places capacity over the next 2 years, it is important that we ensure that there is financial resilience within the High Needs Block. The retention of a sufficient surplus (a reserve) at the end of the 2022/23 financial year is an essential part of this.

- An appropriate 'balance' should be achieved, between spending monies now, in support of high needs provision, and retaining monies in reserve to support on-going sustainability and stability. An appropriate 'balance' also should be achieved, between increasing the amounts of funding that are allocated to providers for pupils and places that are currently 'in the system' and allocating High Needs Block funding for new additional specialist places. Following the 12 January meeting, Finance and Children's Services officers are to further discuss the position of the High Needs Block surplus balance with the Schools Forum, seeking to achieve understanding and agreement on these matters. A working group of Forum members is being established for this purpose. An outcome of this group's discussions is likely to be that a recommendation is made by the Schools Forum to allocate a proportion of the £22.058m balance in support of current provision. If this is recommended, the Local Authority will need to agree its response to the Schools Forum and will then need to decide on any further allocation of High Needs Block funding.

8. FINANCIAL & RESOURCE APPRAISAL

This appraisal is given throughout this report. The table provided in paragraph 2.9 demonstrates that a balanced Schools Budget for 2022/23 is put forward for the Council's approval.

9. RISK MANAGEMENT AND GOVERNANCE ISSUES

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

10. LEGAL APPRAISAL

The School Standards and Framework Act 1998 deals with the financing of maintained schools. Section 47(A) of the Act requires that every local authority must,

in accordance with regulations, establish for their area a body to be known as a schools forum. The purpose of a schools forum is to advise the local authority on such matters relating to the authority's schools budget as may be prescribed by regulations. Local authorities must have regard to advice given by schools forum and or consult them on certain matters before taking prescribed decisions.

School Forums generally have a consultative role and some decision making powers in relation to school budget functions. The role of the Local Authority is to make proposals to the Schools Forum on those matters, which the Schools Forum can decide, and to consult the Schools Forum annually in connection with various schools budget functions. Where the Schools Forum and the Local Authority are in disagreement about proposals made by the Authority, the Secretary of State for Education will adjudicate in certain circumstances.

The School and Early Years Finance (England) Regulations 2022 are made under Chapter 4 of Part 2 of the School Standards and Framework Act 1998. These Regulations provide instruction on how local authorities are to set their education budgets in the 2022/23 financial year. They set the parameters that local authorities must abide by in determining schools' budgets, and the budgets, which are allowed to be retained centrally. They also set out how local authorities are to allocate funding to maintained schools and private, voluntary and independent providers of free early years provision through locally determined funding formulae. The Department for Education makes these Regulations annually; the 2022 Regulations will apply only to budgets for the 2022/23 financial year.

Under Schedule 2 of the Regulations, local authorities are required to carry forward overspends to their schools budget either in the immediately following year or the year after. They can apply to the Secretary of State to disregard this requirement. In the case of the Secretary of State giving such permission, this may be for all or part of the sum requested by a local authority, and permission may be given subject to conditions.

The Accounts and Audit (England) Regulations 2015 incorporate a requirement for a note to the statement of accounts confirming actual deployment of the Dedicated Schools Grant. The note will show both the formal accounting position and the total surplus or deficit for the purpose of the Regulations.

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

The core basic structure of the schools national funding formula has not changed for 2022/2023. The National Funding Formula for schools and high needs 2022/23 contains some formula and technical changes, which are highlighted in the body of the Report. The Government has announced the intention to implement a direct

schools NFF in future, whereby schools will receive what they attract through the national formula, rather than through different local authority funding formulae. In 2022/23, local authorities will continue to determine schools' budget share allocations at a local level through a local funding formula.

11. OTHER IMPLICATIONS

11.1 SUSTAINABILITY IMPLICATIONS

There are no direct implications resulting from this report.

11.2 GREENHOUSE GAS EMISSIONS IMPACTS

There are no direct implications resulting from this report.

11.3 COMMUNITY SAFETY IMPLICATIONS

There are no direct implications resulting from this report.

11.4 HUMAN RIGHTS ACT

There are no direct implications resulting from this report.

11.5 TRADE UNION

There are no direct implications resulting from this report.

11.6 WARD IMPLICATIONS

There are no direct implications resulting from this report.

11.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

This appraisal is given in the equalities impact assessment at the beginning of the report and then throughout the report.

11.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

There are no issues resulting from this report.

12. NOT FOR PUBLICATION DOCUMENTS

None.

13. OPTIONS

Please see the recommendations below.

14. RECOMMENDATIONS

14.1 It is recommended that the Executive asks Council to:

- a) Accept and approve the proposals for the allocation of the 2022/23 Dedicated Schools Grant, as set out in this report.
- b) Approve the total amount of £665.617m 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 2022/23.

15. APPENDICES

- Appendix 1 – Equalities Impact Assessment.
- Appendix 2 – Local Authority Funding Reform Pro-Forma 2022/23 (Schools Block).
- Appendix 3 – Banded Model for EHCP Top Up Funding (High Needs Block).
- Appendix 4 – Early Years Single Funding Formula 2022/23 (Early Years Block).

16. BACKGROUND DOCUMENTS

- [Decisions List of the Schools Forum meeting 12 January 2022](#) (link to webpage)
- [Consultation on the High Needs Funding Model 2022/23](#) (link to webpage)
- [Consultation on the Early Years Single Funding Formula 2022/23](#) (link to webpage)
- [Consultation on Schools Block Funding Arrangements 2022/23](#) (link to webpage)
- [SEND Places Sufficiency Report](#) (within 8 December Schools Forum reports)
- [High Needs Block DSG Management Plan](#) (Document OC within the 12 January Schools Forum reports)
- Section 151 Officer's Report – Executive 15 February 2022

Appendix 1 – Equalities Impact Assessment

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

Schools Block

We assess that our proposals will have a positive impact on equalities. The arrangements proposed for the 2022/23 financial year retain a significant amount of continuity on current practice. At its centre, Council has previously determined, and we continue to propose, to

exactly mirror the DfE's National Funding Formula (NFF) for the calculation of mainstream primary and secondary maintained school and academy delegated allocations in Bradford. As such, our equalities impact assessment of our proposed guiding Schools Block formula funding policy for 2022/23 is neutral (representing no change on current positive practice) and continues to align with the DfE's assessment in respect of its [National Formula Funding policy](#) and its already identified positive impact on the funding of children and young people that share protected characteristics. Behind the guiding NFF mirroring policy, the values of all formula funding factors are proposed to be uplifted in 2022/23. These uplifts are assessed to have a positive impact on the funding of all pupils. Funding allocated through the additional educational pupil-led needs formula factors, now based on the October 2021 data, is increased. This includes an additional £1.8m allocated through the Free School Meals (FSM) factors as a result of the increase in FSM numbers compared with the numbers recorded at October 2020.

In setting the School's Budget for 2022/23, Council is asked to approve that the Minimum Funding Guarantee (MFG) for primary and secondary maintained schools and academies is set at positive 2.0%, which is the maximum permitted by the Regulations. The purpose and consequence of this proposal is to uplift the funding of maintained schools and academies that remain on the MFG, in particular in the primary phase where 43% of schools / academies are on this in 2022/23. This is to ensure that funding is available to these schools / academies to use in support of all pupils, including those that share protected characteristics.

The Minimum Levels of Per Pupil Funding (MFLs) are also increasing by 2.0%. This is a mandatory uplift, not for local determination. The DfE has assessed that this uplift will have a positive impact on equalities.

High Needs Block

We assess that our high needs funding proposals for 2022/23 will have a positive impact on equalities.

Through uplifting our existing high needs funding models in 2022/23, we are ensuring that the current positive impact of these models is not eroded by them not keeping pace with increasing costs, especially salaries costs, to be met by maintained schools, academies and other providers from April 2022.

Council is asked to approve, for the allocation of Education Health and Care Plan (EHCP) top up funding to schools / academies and providers, the continued application of our existing Banded Model, which was first introduced at April 2020. The impact of this Model, on the funding of schools / academies and providers for all children and young people with EHCPs, is assessed to continue to be entirely positive. The Banded Model continues to improve the way schools / academies and providers in Bradford are funded for children and young people with SEND with EHCPs. Although it cannot be evidenced at this stage that this change has directly advanced equality of opportunity for children and young people that share a protected characteristic, it is expected that this Model will support this.

Council is asked to approve the continuation of the SEND Funding Floor, which was introduced for 2021/22. As well as continuing to support provision for pupils with EHCPs,

this approach will continue to protect the funding used by mainstream schools and academies to support their wider Additional Educational Needs (AEN), SEND and Alternative Provision (AP) activities. The Floor financially supports mainstream schools and academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools and academies that may have lower levels of AEN formula funding and that may be smaller in size. It supports schools and academies that may have some turbulence in formula funding as a result of in year pupil numbers changes. The impact of the Floor is assessed to continue to be entirely positive

Early Years Block

We assess that our proposals for 2022/23 will have a positive impact on equalities.

We propose to pass through to providers delivering the 2, 3&4 year-old entitlements the vast majority of uplifts in funding rates that have been allocated by the DfE, whilst making some minor adjustments to support on-going sustainability. These uplifts continue to support all providers in their delivery of the entitlements as costs, especially salaries costs, increase in 2022/23. Uplifting the Universal Base Rates annually for all providers helps support universal good quality provision for all children.

We propose to continue the protection of maintained nursery schools, with this protection being funded using the specific supplement within the Early Years Block, supported by one off monies. The numbers of children with SEND and from more deprived backgrounds is typically higher in the nursery schools sector and this protection continues to support provision for these children.

The Early Years Pupil Premium, as well as the Disability Access Fund and Early Years Inclusion Funds, will continue to complement the Early Years Single Funding Formula and will provide additional funds to support children with SEND, as these have done in 2021/22. The proposal to continue Disability Access Funding at the higher value of £1,000 for eligible children, is put forward with the aim of continuing to support providers in meeting the needs of eligible children with SEND.

We propose to continue to pause the previously planned further reduction in spend on the Deprivation & SEND supplement within the 3&4 year old Early Years Single Funding Formula, meaning that spending on this supplement will be retained at 8% in 2022/23 (compared with our statistical neighbour average of 6%). This proposal is put forward in recognition of the impact of the COVID-19 pandemic and concern to maximise the amount of funding that will be allocated to early years providers next year to support children from more deprived backgrounds. The position of the Deprivation & SEND supplement will need to be reviewed again for 2023/24.