

SCHOOLS FORUM AGENDA ITEM

For Action

For Information



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

This report outlines the working principles that are being considered for the development of Bradford's formula funding arrangements for 2023/24 for the Schools and High Needs Blocks.

Date (s) of any Previous Discussion at the Forum

These principles have not yet been considered specifically for 2023/24 but follow from principles established in the Forum's previous formula funding recommendations and decision making.

Background / Context

Please see Document OS for discussion on the Early Years Block and the Early Years Single Funding Formula (EYSFF). This report here follows from Documents OT and OU that are presented to this meeting.

The background and principles that are presented here are intended to be considered, prior to the finalisation of the Authority's formal proposals for formula funding arrangements for 2023/24. The Authority expects consultation reports to be presented to the Schools Forum at the next meeting, with these consultations published immediately after. Following this timetable, responses to these consultations will be considered by the Forum at its December meeting. The Schools Forum will be required to make its final recommendations on 2023/24 DSG and formula funding arrangements at its January 2023 meeting.

As we set out in July 2022 (Document OQ), we expect that our recent decisions will inform how we will respond to announcements concerning 2023/24 financial year DSG and formula funding arrangements and changes. Recently within the Schools Block we have:

- Not transferred monies from the Schools Block to the High Needs Block (no transfers since 2019/20).
- Moved to fully mirror the DfE's National Funding Formula (NFF) for mainstream formula funding. We would expect to continue to mirror the NFF in 2023/24, subject to affordability.
- Adopted, as required, the DfE's mandatory minimum levels of pupil-led funding (MFLs).
- Identified how significant decisions about the Minimum Funding Guarantee (MFG) are, and will be going forward, for the formula allocations received by individual mainstream schools and academies, especially in the primary phase. This is again likely to be a key recommendation for the Schools Forum to make for 2023/24. We set the MFG at the maximum permitted positive 2.0% in 2022/23.
- Employed the Reception Uplift Factor on a one-off basis, in 2022/23, using £0.495m of the £0.917m primary-phase surplus balance that was carried over from 2021/22. £0.421m of this balance is still held. We used another £0.252m of 'general' Schools Block surplus balance in order to afford our 2022/23 Schools Block formula funding arrangements.
- Closely considered, in 2022/23, the financial impact of the lag in data, between the October 2020 Census (on which the DSG is funded) and the October 2021 Census (on which schools and academies are funded). Ultimately, this data lag increased the cost of our 2022/23 formula by £0.95m. Whilst we anticipate that the cost of lag will not be as great in 2023/24, lag is still expected and we must set out our formula funding proposals with caution.
- Continued to use our local formulae for split-sites and PFI funding (DSG Affordability Gap), prior to the DfE's 'hard' National Funding Formula being extended to cover these elements. We have identified that the funding of PFI is a specific area to watch in the development of the Schools Block NFF.
- Identified issues related to falling rolls and to under-subscription, especially in the primary phase, following demographic changes. We established a Falling Rolls Fund for the primary phase in 2019/20. No allocations have yet been made from this fund (no schools or academies have been eligible). We continue to operate a Growth Fund, which now is funding the remaining growth in the secondary phase.
- Highlighted how the forecasted net reduction in pupil numbers in Bradford, as a result of demographic changes, will reduce the financial headroom that exists within the Schools Block, which will have implications for the affordability of our formula funding proposals in the lead up to the 'hard' National Funding Formula.
- Highlighted that a re-evaluation of Business Rates (NNDR) is taking place for April 2023, which may have implications for the management of the cost of NNDR within the Schools Block. We have determined not to implement the ESFA's amended approach to the payment of NNDR bills by schools and academies.
- Not recently altered the way we define Notional SEND budgets within the core formula funding allocations that are received by primary and secondary maintained schools and academies, pending the outcomes of the DfE's national SEND Review.

Background / Context

- Continued to operate de-delegated funds, largely unchanged in recent years, but with the addition at April 2022 of de-delegation for the purpose of beginning to replicate the former School Improvement Monitoring & Brokering Grant (SIMB), which is being ceased by the DfE.
- Mainstream primary and secondary schools and academies have in 2022/23 received a new additional Supplementary Grant. The DfE stated, at the time of the initial announcement of this Grant, that the intention is to merge this into core formula funding in 2023/24.

Recently within the High Needs Block:

- At April 2020, we introduced a new Banded Model for the allocation of 'top-up' funding for EHCPs. We also introduced a new Day Rate Model for the funding of the PRUs / Alternative Provision Academies for pupils permanently excluded. These models were substantially uplifted in both 2021/22 and in 2022/23. Rates of funding were additionally uplifted in 2022/23 specifically to pass on to schools, academies and other providers an appropriate proportion of the £3.85m Supplementary Grant that was added to our High Needs Block.
- For mainstream primary and secondary schools and academies, we introduced, initially for 2021/22 and in trial for one year, an amended SEND Funding Floor mechanism. The Floor seeks to financially support schools and academies that have higher proportions of pupils with EHCPs, in support of inclusion. The Floor has been continued in the 2022/23 financial year. The continuation / operation of the Floor is a specific point of review for 2023/24, in the context of the DfE's national SEND Review, the wider implications of employing the Floor, and its affordability to our High Needs Block.
- Crossing over with the Schools Block, since the introduction of the National Funding Formula, we have chosen so far not to adjust our definition of Notional SEND, but we have identified that this definition does need closer attention, especially with reference to the DfE's guidance now being provided.
- We have reviewed and re-shaped responsibilities, between the High Needs Block and mainstream schools and academies, in respect of the funding of school-led Alternative Provision.
- We have identified the critical significance, for the development of our high needs formula funding models, of the DfE's publications and consultations on the outcomes of the national SEND and Alternative Provision reviews. As we have presented to the Schools Forum (18 May 2022), we anticipate that high needs formula funding mechanisms will change as a result of these reviews. In recent messages however, the DfE has emphasised that the reviews represent a longer-term programme of change. The DfE has now published the High Needs Block operational guidance for 2023/24 and there are only minimal technical changes here. So we are aware that the significant structural funding changes that are proposed (and / or that are certainly "hinted at") in the DfE's Review document – the development of a national top-up banding system, the redesign of place-element and element 2 (£6,000 threshold) funding, the redesign of the approach to funding PRUs and Alternative Provision academies, the incentivisation of inclusion in mainstream settings – will now not be implemented before April 2024 at the earliest. However, in considering our 2023/24 arrangements, we must have an eye on the direction of travel that has been set out so far by the DfE.
- We presented our DSG Management Plan to the Schools Forum, most recently, on 12 January 2022. We identified within this Plan how the levels of the High Needs Block settlements going forward, and the continuing rate of growth in demand for EHCPs and for specialist places in Bradford, are crucial for the affordability of new specialist places capacity and of our high needs formula funding models. We stated to the Forum in July 2022 (Document OQ) that we anticipate that the most pressing issue for our high needs formula funding arrangements in 2023/24 will be their affordability within the available High Needs Block funding envelope. We warned that we are likely to need to exercise restraint, especially in determining the levels of any increases top-up funding on current 2022/23 levels. We stated that we are also likely to need to exercise restraint with the aim of managing the cost and impact of the SEND Funding Floor within mainstream primary and secondary schools and academies, where it is determined that this mechanism should continue for a further year in 2023/24.
- We have had conversations with the Schools Forum, including within a working group, about the £23.02m surplus balance that was held within the High Needs Block at the end of the 2021/22 financial year. We presented a report, most recently, to the Forum's 6 July 2022 meeting (Document OR). The Authority has explained the rationale for the retention at this time of the majority of the surplus balance, as well as the rationale for not seeking to use the balance to further increase EHCP top-up funding, nor element 2 additional funding support for mainstream provisions. Within Document OR, the Authority outlined the plan to begin additional investment, focused on supporting inclusion, with the estimated value of this investment, initially for the 2022/23 academic year, at £920,000.

For both the Schools and the High Needs Blocks, we signalled to the Schools Forum in July 2022 (Document OQ) that the 2023/24 DSG setting and formula funding round will be challenging. This is because we anticipated that the DSG settlement levels (increases) will be lower in 2023/24 than in recent years and that we would have significantly less budget headroom within which to construct our formula funding arrangements. We identified that this would happen at a time when costs in schools, academies and in other providers are significantly increasing. We also set out our view that the financial position of our High Needs Block is expected to substantially worsen from April 2023 onwards.

Details of the Item for Consideration

The purposes of this report are to set out the background, thoughts and principles that are being developed for Schools and High Needs Block formula funding for the 2023/24 financial year, to check with the Schools Forum that 'we are on the right lines', and to allow Forum members the opportunity to provide feedback, in advance of more formal consultation documents being presented.

Forum Members are invited to (remotely) attend a 'Formula Funding Working Group' session, on Tuesday 27 September (8am) or Wednesday 28 September (8am) or Tuesday 4 October (8am). As in previous years, these sessions will enable Forum Members to consider in more detail the impact of national formula funding decisions and to explore and guide the proposals for 2023/24 for Bradford's Schools and High Needs Block formula funding arrangements that are anticipated will be set out for consultation in October.

Please note that the Authority will contact the District Achievement Partnership to arrange to discuss directly the proposals for the continuation of EHCP Banded Model (the special school funding formula) for 2023/24.

Schools Block – Mainstream Primary and Secondary Formula Funding

We are in an extended period of system change, one of the most significant changes being the movement towards a 'hard' National Funding Formula (NFF) for the calculation of mainstream primary and secondary core formula funding allocations. The DfE has just completed another stage of consultation on the final stages of transition to the hard NFF. Our response to this consultation is presented in Document OT.

To give context to our proposals that will come forward for next year, it is helpful to provide a little more detail about the recurrent decisions that we have taken in the Schools Block at and since the NFF was first introduced by the DfE at April 2018:

- In 2018/19, we replaced our local formula with the DfE's NFF, using this to calculate individual formula allocations for both primary and secondary phases. We have continued this 'mirroring' policy in each year since, adopting annual incremental changes in the NFF construction and uplifts in formula variable values. The DfE established a new pupil mobility NFF factor in 2020/21, which, following a year of transition, we fully adopted for both primary and secondary phases. We have also adopted, as required, the mandatory Minimum Levels of per pupil Funding (MFLs).
- We have set a Minimum Funding Guarantee (MFG - protecting / ensuring a minimum increase in individual maintained school and academy per pupil funding year on year) as follows. For the last 3 years, we have set our MFG with reference to the maximum level that was permitted by the Regulations:
 - a. 2018/19 at positive 0.40% per pupil
 - b. 2019/20 at 0% per pupil
 - c. 2020/21 at positive 2.34% per pupil
 - d. 2021/22 at positive 2.00% per pupil
 - e. 2022/23 at positive 2.00% per pupil
- Since 2018/19, we have not applied a ceiling, which would have capped the values of annual increases in per pupil funding received by individual maintained schools and academies. All formula funding gains, from annual data changes, have been passed through to maintained schools and academies.
- We did not transfer monies from the Schools Block to the High Needs Block in 2018/19. This was primarily because we transferred a significant amount (£5.7m) in 2017/18, which was then 'locked in' to our Dedicated Schools Grant block allocation going forward. We did transfer £2m (0.48%) in 2019/20 but we have not transferred any monies since. In setting the Minimum Funding Guarantee at positive 2.34% in 2020/21, which was 0.5% higher than permitted under the normal regulations, our intention was to 'give back' to mainstream schools and academies the money we transferred in 2019/20.
- We have retained our local approaches in the areas of formula funding that the DfE's NFF does not yet cover. These are:
 - a. Business Rates (actual cost).
 - b. Split sites.
 - c. PFI (Building Schools for the Future).
 - d. Growth Fund (at individual school level).
 - e. Falling Rolls Fund.
 - f. Notional SEND definition.

Although there are some changes, and new restrictions, there is a significant amount of technical continuity in the Schools Block National Funding Formula (NFF) as applied for 2023/24:

Details of the Item for Consideration

- The factors that were not included in NFF in 2022/23 are still not included e.g. split sites, PFI. We will continue to set these locally in 2023/24.
- The construct of the NFF is basically the same as it was in 2022/23, incorporating the same core factors and how these are applied.
- The Minimum Levels of Per Pupil Funding (MFLs) are still in place and continue to be mandatory. The Minimum Funding Guarantee (MFG) is also still in place.
- Local authorities continue to have the flexibility to set their own Growth Fund and Falling Rolls Fund mechanisms, but must still comply with DfE's guidance and Regulatory restrictions.
- The existing framework for the de-delegation of funding from maintained schools continues unchanged.
- Although the DfE has provided new guidance on Notional SEND, this guidance stops short of prescribing local arrangements. Authorities continue to have full flexibility to define their own Notional SEND budgets. There are also no changes in operational guidance, which alter the way SEND funding works for mainstream schools and academies in 2023/24 e.g. the £6,000 threshold (element 2) is still £6,000.
- We will need to continue to absorb the cost of the 'lag' in data. In 2023/24, this will be the lag between the funding of schools / academies on October 2022 Census data and the funding of the DSG Schools Block on October 2021 Census data.
- We will need to continue to manage the cost of Business Rates (NNDR) within our Schools Block, including the impact of re-evaluation at April 2023.
- Local authorities continue to be permitted to use the Reception Uplift factor, on an optional basis.

However, there are some important changes / developments:

- For mainstream primary and secondary formula funding, authorities must now use all NFF factors and only these factors. Authorities that do not currently mirror the NFF must move 10% closer. Authorities that currently mirror the NFF must stay within 2.5% of the NFF formula factor variable values. As we already directly mirror the NFF, this new direction requires minimal response within our arrangements for 2023/24. However, this does restrict the extent to which we could move away from the NFF, either to allocate additional funding (via headroom or use of balances) or to reduce the cost of our formula funding arrangements in order to secure their affordability e.g. as a result of the impact of data lag.
- We are now formally required to add the NFF 'sparsity factor' into our local formula. However, this is a 'tick box' exercise only, as none of our schools / academies qualify for sparsity funding. Although a very small number trigger the 'sparse' part of eligibility for this funding (as these schools / academies are at least 2 miles (primary) or 3 miles (secondary) distance by road away from their nearest school / academy), none are small enough to trigger the 'size' part of eligibility for this funding.
- The 2022/23 Supplementary Grant is merged into the 2023/24 NFF. Schools and academies must not separately budget for this Grant.
- The overall settlement is lower in 2023/24 than it was in 2022/23. In addition, unlike in recent years, rather than a single % increase that has been applied to all NFF factors, the FSM6 and IDACI factors have been additionally uplifted. This weights the 2023/24 settlement towards schools and academies with higher levels of deprivation, as measured by FSM6 and IDACI. This approach is interesting, in the context of the recent report by the Institute for Fiscal Studies, which has found that the schools funding system has become less progressive between 2010 and 2019.
- Unlike in recent years, the uplift of the mandatory Minimum Levels of Funding per pupil (MFLs) is significantly lower than the uplift of the core NFF factors – the core NFF factors are increasing by 2.4% but the MFLs are increasing by only 0.5% (both figures are prior to the transfer into the NFF of Schools Supplementary Grant). Compare this gap with 2022/23, when the MFLs increased by 2.0% vs. the headline 3.0% settlement.
- The Minimum Funding Guarantee can only be set between 0% and positive 0.5%. This range is much smaller than in 2022/23, and the maximum of 0.5% is also much lower than the maximum 2.0% that could be set in both 2021/22 and 2022/23. This means that the gap between the MFG and the increase in the core NFF factors is much greater in 2023/24 than it was in both 2021/22 and 2022/23: a 1.9% gap in 2023/24 (the difference between 2.4% and 0.5%) vs. a gap of 1.0% in 2022/23 (the difference between 3.0% and 2.0%).

Details of the Item for Consideration

Responding to the settlement, and the changes that have come from the continued movement towards the 'hard' NFF, there are 6 core decisions that we need to take on Bradford's 2023/24 Schools Block mainstream primary and secondary funding formula arrangements. These are:

1. Whether we continue to directly mirror the DfE's NFF, as we have done since April 2018. (Yes).
2. Whether we continue our existing local approaches to the factors not yet covered by the NFF. (Yes).
3. In light of the DfE's new guidance, whether we continue our existing approach to the definition of Notional SEND budgets, or whether we now take steps to review and to incrementally adjust this definition in the movement towards the 'hard' NFF. *(Subject to the completion of our current review work, we are minded to make adjustments to our Notional SEND definition for 2023/24).*
4. Whether we transfer budget from Schools Block to the High Needs Block and, if we do, the value of this transfer. *(We do not anticipate proposing a transfer in 2023/24).*
5. The value of Minimum Funding Guarantee. *(We would seek to set this at the highest value that is permitted by the Regulations, which is positive 0.5%, subject to affordability).*
6. Whether we retain, with their existing criteria and methodologies, the funds currently managed centrally within the Schools Block. (Yes).
 - a. Growth Fund
 - b. Falling Rolls Fund (primary phase)
 - c. Funds de-delegated from maintained primary and secondary schools *(this will be further discussed in detail in a separate report that will be presented to the Schools Forum at the October meeting).*

There are then 2 secondary decisions / considerations:

7. Whether we use one off monies (brought forward balances) to apply again the Reception Uplift factor in the primary phase in 2023/24. We ceased to use this factor on an on-going basis when we moved to mirror the NFF at April 2018 (as the Reception Uplift is not a NFF factor and only a small number of authorities use it). Our use of this factor in 2022/23 was intended to be one off, funded from the £0.917m of primary phase £GUF monies. The main rationale for this was that schools / academies may have admitted more children than usual into Reception after the October 2020 Census, recognising the impact that the COVID-19 pandemic had on the hearing of admissions appeals in the autumn term 2020. *As the main rationale was restricted to the autumn term 2020, we are currently minded at this time not to propose that we use the Reception Uplift factor again in 2023/24. There is also an affordability consideration here (as the cost of the Reception Uplift factor would need to be met from Schools Block balances, and we identify already that there is likely to be call on these balances in 2023/24 – see below).*
8. How we will adjust from an agreed full 'mirroring of NFF' approach in 2023/24 if this cannot be afforded by our Schools Block allocation when we use the October 2022 Census dataset, which will be made available in December. As we did for 2022/23 arrangements, we will wish to consider further with the Schools Forum the options that will be available, and to give warning to schools and academies about these options within our published Schools Block consultation document.

Our current Schools Block modelling, including the assumption that we will continue to directly mirror the NFF and set an MFG at the maximum 0.5%, indicates that our total Schools Block spending will exceed our total Schools Block funding in 2023/24 by £0.70m. This modelling uses estimates of October 2022 Census numbers, as well as estimates of other costs e.g. Growth Fund and PFI, but does not yet bring in any additional costs that may come from using the wider October 2022 Census-based dataset (where FSM, IDAC1, Low Prior Attainment, EAL and Pupil Mobility data will change). Our modelling still uses the dataset that was sourced from the October 2021 Census and that was used to calculate actual 2022/23 school / academy formula funding allocations. Our modelling at this stage also does not factor in any adjustment to Business Rates costs, resulting from the April 2023 re-evaluation. As we stated earlier in this report, the cost of data 'lag' in 2022/23 was £0.95m. Although we do not expect the same level of cost in 2023/24, we do expect that there will be a cost. As such, we see that it is reasonable for us at this time to estimate, and to plan on the basis, that we may need to use c. £1m - £1.5m of DSG balances in order to afford to continue to directly mirror the NFF in 2023/24, with a Minimum Funding Guarantee (MFG) set at 0.5%.

High Needs Block and Place-Plus Funding

The High Needs Block operational guidance confirms the continuation of the existing technical funding system, and confirms that the value of place-led funding (£10,000) and that the positions of the other main 'levers' of the high needs place-plus funding system, including the £6,000 threshold and notional SEND arrangements, remain unchanged in 2023/24.

Details of the Item for Consideration

Authorities continue to be permitted to transfer up to 0.5% of the Schools Block to the High Needs Block, with the approval of the Schools Forum. We have not put forward a proposal for transfer since 2019/20 and we do not anticipate proposing a transfer in 2023/24.

On current estimates, our High Needs Block allocation in 2023/24 is £111.90m, which is £6.71m higher than received in 2022/23, including the additional Supplementary Grant funding. This represents an increase of 6.4% in cash terms. This growth in High Needs Block funding is much more modest than the growth we received between 2020/21 and 2022/23. Growth will continue to be allocated to cover three main pressures a) growth in the cost of provision (from inflation and pay award) funded through the top-up, b) growth in the number of EHCPs and in the needs of pupils with EHCPs and in placement costs reflected by banding (and stacking) and c) continued expansion of high needs places capacity in response to increased demand.

However, it will be necessary to prioritise meeting the cost of growth in the number of EHCPs, and of the expansion of high needs places capacity, over uplifting the values of top-up funding. We currently estimate that the total growth in our High Needs Block costs in 2023/24 will exceed the additional £6.71m income that we have received, by in excess of £5.5m. As such, we currently estimate that we will need to deploy in 2023/24 a reasonably substantial proportion of the £23.02m High Needs Block brought forward balance. This estimate assumes that we have already taken steps to control expenditure, including having exercised 'restraint' in uplifting top-up funding and controlling the cost of the SEND Funding Floor. Within our current 2023/24 estimates, we have included £3.8m of new spending on additional SEND specialist places. Places creation has previously been emphasised by the Schools Forum as an immediate priority for the Local Authority. This requires on-going long term funding. We have also estimated the continued growth in the numbers of EHCPs in mainstream schools and academies and the continued growth in the number of independent placements. In assessing our overall position, and formula funding options, it is important to highlight that significantly higher values of High Needs Block funding are being allocated already to both the specialist and mainstream sectors, as a result of our recent substantial uplifts in top-up funding, and, for mainstream schools and academies, as a result of the growth in the number of pupils on roll with EHCPs. The 'stacking' facility in our Banded Model has also increased funding levels per pupil. We assess that our approaches to top-up funding are now much stronger, due to the changes that we have made since April 2020. Our approaches must now remain affordable.

Whilst our deficit forecast is currently very substantially estimated, and the position will become more confirmed as we move further through the autumn term, we expect to need to exercise 'restraint' in how we uplift top-up funding rates, and in how we approach other aspects of our High Needs Block funding formulae, in 2023/24. We will discuss this financial position in more detail with the Forum across the autumn term. However, we are currently developing our high needs funding formula approach for 2023/24 on the basis that:

- We do not anticipate making application or technical construction changes to our existing EHCP Banded Model, nor to our existing PRU / AP Academy Day Rate Funding Model, other than to uplift the top-up funding values that these models allocate. We expect to follow the same technical approach to uplifting values as we took in 2022/23 (with reference to the fixed £10,000 and £6,000 contributions, meaning that bands increase by different percentages). Whilst we still need to finally determine the values of uplifts to be proposed, our current modelling (on which we estimate a =>£5.5m overspend) assumes an uplift of 1.00%, which is 0.5% higher than the MFG and MFLs levels within the 2023/24 Schools Block NFF settlement. With reference to the Special Schools Minimum Funding Guarantee, which requires total funding per occupied place to increase by a minimum 3.00% between 2021/22 and 2023/24, where we uplift top-up by around 1.00%, our special school funding will have increased by 5.25% over this period.
- The former Teacher Pay and Teacher Pensions Grants will continue to be allocated to high needs providers, separately from place-element and from top-up funding, on a fixed place-led basis using 2022/23 values.
- We expect to continue unchanged the setting needs-led factors within our specialist setting model e.g. small setting protection and split sites, with the variables retained at 2022/23 values.
- Subject to the completion of our review work, we are minded to make adjustments to our Notional SEND definition for 2023/24. The purpose of these adjustments will be to bring our definition incrementally closer to the 'national picture', in preparation for the final transition to the 'hard' NFF.
- Whilst we anticipate continuing for a further year our current SEND Funding Floor mechanism, in support of the funding of SEND and EHCPs in mainstream primary and secondary schools and academies, we are likely to propose adjustments to the threshold percentages that are used. The main purpose of these adjustments will be to control the cost of the Floor to the High Needs Block. However, we are also minded to ensure that the Floor remains a support mechanism, which targets only a minority of schools and academies that have significantly higher proportions of pupils with EHCPs. This is in keeping with the DfE's guidance and also with the direction of travel of the SEND Review (towards inclusion without reliance on EHCPs).

Details of the Item for Consideration

Alongside finalising our 2023/24 arrangements, over the next few months, we expect to begin formula funding review work in the light of expected further announcements regarding the SEND and Alternative Provision Reviews. The DfE's recent first stage of consultation strongly indicated that further consultations will come, which will specifically cover SEND and AP formula funding mechanisms. We anticipate that some changes might be required for 2024/25.

Overview - Use of DSG surplus balances within the 2023/24 Planned Budget (ESTIMATE)

Presented to the Schools Forum, under matters arising, is a summary of the final carry forward balances that were held within the DSG at the end of the 2021/22 financial year. In total, we held £34.112m.

On current modelling, which is very indicative and is based on possible proposals, as outlined, we estimate that we may use around £8m of balances within the 2023/24 planned budget, as summarised in the table below.

Block	March 2022 Balance	2022/23 Budget	2023/24 Budget	Remaining Balance
Schools Block	£6.684m	£0.747m	£1.400m	£4.537m
High Needs Block	£23.021m	£0.000m	£5.750m	£17.271m
Early Years Block	£4.176m	£0.687m	£0.750m	£2.739m
Central Schools Services Block	£0.231m	£0.000m	£0.100m	£0.131m
Total	£34.112m	£1.434m	£8.000m	£24.678m

It must be emphasised again that this is very rough modelling, which is based on a series of estimates, prior to any consultation. It has been constructed for 2023/24 DSG 'planning' purposes – so that we can assess what we are likely to be able to afford to propose in terms of formula funding. Please also note that the modelling assumes that there isn't any change in the values of balances between March 2022 and March 2023 i.e. there aren't any over or under spends in 2022/23, other than balances that were allocated within the 2022/23 planned budget (agreed in January 2022). Please also note we have not differentiated between committed and uncommitted balances in the table above. Values within these balances are committed to specific items.

Whilst the numbers will most certainly move (both up and down), this modelling indicates at this time:

- That we are likely to need to use (including deliberate planned use) surplus balances across all 4 DSG Blocks in 2023/24.
- These balances go beyond covering 'one-off' spending or 'blips' in expenditure. We will be using balances to support recurrent expenditure, an approach which we have previously sought to restrict. This is a marker of the reduction in the 'headroom' that we have within the DSG, as a result of the lower settlement and the reduction in pupil numbers from demographic changes. The spending of balances on recurring items is arguably less concerning for the Schools Block for the longer term, as the 'hard NFF' is expected to take away any pressure that remains on our local DSG. However, it is a concern, to varying degrees, for the other 3 blocks. We discuss the position of the Early Years Block in the separate report to this meeting. We will discuss the position of the Central Schools Services Block with the Forum in the October meeting.
- The High Needs Block is of most concern. We are likely to need to use a substantial proportion of the balance in 2023/24, even after having exercised 'restraint' in uplifting top-up funding and controlling the cost of the SEND Funding Floor. This not a 'single-year blip': the position of our High Needs Block worsens after 2023/24, if we assume that growth rates do not slow, and before we bring in any impact of the SEND / AP Review. This is because spending continues to grow whilst funding does not (at the same level). There is a lot here that is very uncertain, but this forecast emphasises that we now need to plan our spending with caution, and begin to take mitigating actions in order to achieve a balanced High Needs Block position going forward.
- Referring to the discussions that have been had about the use of the High Needs Block surplus balance, in the context of this forecast (which is not very different from the position that has been previously explained and so the overall message here is not dissimilar from that previously presented) the Authority is not minded to take any further steps to spend more of the existing balance on additional activity in 2022/23 or in 2023/24, beyond the £0.920m that was presented to the Forum in July. We will continue to discuss the position of the High Needs Block with the Schools Forum across the autumn term.

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

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

Recommendations

- (1) The Schools Forum is asked to consider and to comment on the working principles.
- (2) Members are invited to attend a 'Formula Funding Working Group' session.
- (3) Members are asked for feedback on how best to communicate as early as possible this term with schools, academies and other providers about arrangements for 2023/24 (in advance of more formal consultation beginning in October).

List of Supporting Appendices / Papers (where applicable)

None

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