Document PG

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 updates Forum members on the forecasted spending positions of each of the DSG Blocks in 2022/23. This document gives members a view of the estimated values of balances to be carried forward into 2023/24 and a view of the uses of these balances.

Date (s) of any Previous Discussion at the Forum

The allocation / retention of balances estimated to be carried forward into 2022/23 was agreed by the Schools Forum as part of its recommendations on the allocation of the DSG that were made on 12 January 2022. Final confirmation of balances brought forward from 2021/22 was presented on 14 September 2022.

Background / Context

The Local Authority finalises its forecast of the DSG planned budget for the following financial year for presentation to the School Forum's annual January meeting. This planned budget is constructed on known factors and known data, but also incorporates a number of estimates, especially of expenditure, that firm up during the year. The balances to be carried forward at the end of each financial year, which are initially presented to the Forum in December, are based on estimates pulled together mid-November.

After our DSG planned budget is agreed by the Forum in January, and by Council in February, the Schools and the Central Schools Services Blocks have a relatively small number of 'moving parts'. The Early Years and High Needs Blocks however, are subject to a significant amount of movement. A normal part of the annual DSG management process is the reconciliation of planned vs. actual spending and estimated vs. actual carry forward balances. The Authority, with the Schools Forum, has always taken a prudent approach in its forecasting, seeking to ensure that the DSG does not have the additional burden of needing to compensate for a deficit resulting from an over-estimation of income or from an under-estimation of expenditure in the previous year. The Authority, with the Schools Forum, has also always sought to hold a reasonable value of un-committed 'resilience' reserve, so that unexpected or higher than expected costs can be managed.

Surplus balances brought forward are available to be spent on a one off basis only. When previously considering such balances, the Forum has sought to avoid allocating these in support of on-going expenditure. The Forum has already committed a value of the balances that are presented in this report.

In closing the 2017/18 financial year, we began to separate balances according the four block DSG structure. Balances can be used across all blocks. In practical terms however, in the National Funding Formula context, it is now useful for the DSG's balances to be presented on a block-specific basis. The starting assumption is that the balance attributed to each block is spent on pressures within that block, unless a specific decision is taken to transfer balances between blocks. To stress, the DSG Regulations permit balances to be used across all the blocks. What we have established is a locally determined informal block ring-fencing policy.

Balances transferred across financial year-end that are associated with de-delegated funds in the Schools and Early Years Blocks are 'ring-fenced' to maintained schools. This is because only maintained schools contribute to these funds. Surplus balances carried forward can be released back to maintained schools through adjustments in the values of the contributions taken for access to de-delegated funds in the next financial year. The DSG Regulations require Forum approval for the writing off of any deficits related to de-delegated funds from the Schools Budget. To date we have not ever asked the Forum to do this.

The Growth Fund and Falling Rolls Fund are treated as ring-fenced funds within the Schools Block. It is our current practice to carry forward any unspent balances to be retained to be used for their purposes, rather than these being recycled generally back into the Schools Block. The DSG Regulations require that the balances held within the Growth Fund and the Falling Rolls Fund, and in de-delegated funds, are specifically presented to the Schools Forum.

The Disability Access Fund (DAF) monies within the Early Years Block are expected by the DfE to be earmarked and identified separately.

The DfE changed, within the February 2020 Finance Regulations, the provisions that relate to the addition of non-DSG income into the Schools Budget and to the treatment of DSG account deficits, with the affect that:

Background / Context

- Up to the end of the 2022/23 financial year, the Authority is not required to obtain the permission of the Schools Forum to carry forward or write off deficits within the DSG. Authorities are required either to carry forward any cumulative deficit in their Schools Budget to set against DSG in the next funding period; or to carry forward some or all of the deficit to the funding period after that, in order to determine how much resource is available to be spent during the funding period.
- Up to the end of the 2022/23 financial year, where an authority's DSG account is in deficit, the Authority must receive permission from the Secretary of State to add non-DSG income into the Schools Budget, either for the purposes of contributing to a deficit or to support (match fund) activities funded by the DSG.

So the statutory basis, up to the end of the 2022/23 financial year, is that a DSG deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises an authority not to do this, and that authorities are not permitted to fund any part of the deficit from sources other than the DSG (or any specific grants whose conditions allow them to be applied to the schools budget) without authorisation. Bradford's DSG account is not in deficit at the end of 2022/23 and there are no additional contributions from non-DSG income sources into the Schools Budget in 2022/23 or proposed for 2023/24. Through the DSG's Conditions of Grant, the DfE requires local authorities that have an overall cumulative DSG deficit of 1% or more at the end of the financial year to submit a report to the ESFA on how this deficit will be recovered. We have previously reported that the DfE has introduced this challenge in the light of the growing number of local authorities setting deficit DSG accounts, largely due to over spending within their High Needs Blocks. 1% of our DSG is roughly £6m. The DfE also now expects all local authorities to regularly present to their School Forums a DSG Management Plan, which sets out the expected future year DSG position and explains the pressures on spending and mitigating actions that are to be taken, especially with reference to high needs provision. We expect to present an update of DSG Management Plan to the Forum on 11 January.

Details of the Item for Consideration

2022/23 Forecasted DSG Spending Position vs. Planned Budget

Appendix 1 provides a detailed spending forecast as well as an updated view of the values of balances that are estimated to the held at the end of the 2022/23 financial year. These figures exclude balances held by maintained schools. The table below summarises the estimated positions by block and gives a comparison against the values of balances that were estimated would be held at the end of 2022/23 within the planned budget that was presented to the Schools Forum on 12 January 2022. (£m)

	Schools Block	High Needs Block	Early Years Block	Central Schools Services Block	Total
Estimate of Balances carried from 21/22*	+£6.375	+£21.739	+£4.001	£0.000	+£32.115
Net Value of Balances allocated in 22/23 *	-£0.747	+£0.319	-£0.735	£0.000	-£1.163
Estimate of Balances to be held at 31/3/23 *	**+£5.628**	**+£22.058**	**+£3.266**	**£0.000**	**+£30.952**
Additional Balances carried from 21/22 **	+£0.309	+£1.282	+£0.175	£0.231	+£1.997
Net Spend Variance on Planned Budget 22/23	-£0.618	+£2.349	+£0.775	+£0.050	+£2.556
Revised Estimate of Balances at 31/3/23 ***	**+£5.319**	**+£25.689**	**+£4.216**	**+£0.281**	**+£35.505**
Diff Between Original and Current Estimate	**-£0.309**	**+£3.631**	**+£0.950**	**+£0.281**	**+£4.553**

* 2022/23 Planned Budget presented to the Schools Forum on 12 January 2022. Document NY.
** Confirmation of final balances held 31 March 2022 was presented to the Schools Forum on 14 Sept 2022.
*** £35.505m is 5.5% of the 2022/23 DSG allocation (£2.256m is 0.35% of the 2022/23 planned budget)

Please note that the £35.505m figure is estimated. In particular, we highlight that the balance to be held in the Early Years Block is calculated on estimates of spring term 2023 EYSFF allocations, and the High Needs Block balance is based on a series of assumptions about the cost of high needs provision between December and March. An updated estimate will be presented on 11 January. The reconciliation of funds, which takes place as part of the Authority's year-end closedown and which will be presented to the Forum in July 2023, will confirm the final values of balances that have been carried forward at 31 March 2023.

We forecast that the 2022/23 planned budget for the **Schools Block** will be over-spent by £0.618m (0.13%):

- \- £236,720 estimated net over-spend within de-delegated funds, from the deliberate use of balance brought forward to support the cost of the primary phase maternity / paternity insurance scheme, and the allocations from the staff suspensions fund and from the exceptional circumstances / schools in financial difficulty fund, in support of maintained primary schools, net of the underspend in the School Improvement (SIMB Grant) fund, which is discussed further in Document PG Appendix 4a.
- \+ £24,152 estimated saving from the reduction in NNDR (business rates), following academy conversions.

Details of the Item for Consideration

- + £245,163 estimated saving from the 2022/23 Growth Fund provision. Please see Document PA for more information on Growth Fund spending.
- - £650,000 final spending of the long-standing specific budget provision, which has been held within de-delegated funds, to support the cost of the deficit held by a maintained school converting to academy. This school converted to academy in summer 2022.

Taking account of the spending of the £650,000 academy conversion provision, where the timing of this spend was uncertain and so was not included in 2022/23 planned budget as expenditure, the current estimate of the total value of balance to be held at 31 March 2023 within the Schools Block is materially very similar to the value that was originally estimated and presented to the Schools Forum on 12 January 2022.

We forecast that the 2022/23 planned budget for the **Early Years Block** will be under-spent by £0.775m (1.9%). Including the additional £0.175m of balance brought forward from 2021/22, we estimate that the value of balance to be held at 31 March 2023 within the Early Years Block will be £0.950m greater than the value originally estimated and presented to the Schools Forum on 12 January 2022. Whilst it must be stressed that the updated position is still significantly estimated, the main reasons for the improvement against the original estimates, are:

- The value of balance brought forward from 2021/22 was £0.175m higher than the estimates presented to the Schools Forum on 12 January 2022. In context of the total size of the Early Years Block (£41m) and that, for the planned budget that is presented to the Forum at the beginning of January each year, we are fully estimating the cost of allocations to providers delivering the entitlements in the spring term, prior to the collection of the January Census, this value of variance is not materially substantial.

- Historically, prior to 2020/21, we have been funded at Early Years Block-level for a greater number of 3&4-year-old entitlement hours than providers have actually delivered. We are funded at Early Years Block level on the delivery numbers that are recorded by providers in the January Censuses e.g. for 2022/23, we are funded 5/12s on the January 2022 Census and 7/12ths on the January 2023 Census. We fund providers however, on a 3 terms count taken in May, October and January e.g. for 2022/23, providers are funded on counts taken in May 2022, October 2022 and January 2023. In any financial year, the cost of summer term entitlement delivery exceeds the funding that the Authority receives (e.g. for 2022/23, we have funded providers on the May 2022 count, but the Early Years Block is funded on the January 2022 Census, which records much lower numbers). However, the cost of autumn term delivery is much lower than the funding that the Authority receives (e.g. for 2022/23, we have funded providers on the October 2022 count, but the Early Years Block will be funded on the January 2023 Census, which will record higher numbers). Due to the way this system works, and our profile of numbers, the net of the loss in summer vs. the gain in autumn has historically been to our advantage. This has been one of the contributing factors in our ability to set higher universal base rates at the same time as higher deprivation and SEND supplement rates for providers in our 3&4-year-old Early Years Single Funding Formula.

  In 2021/22, on an exceptional basis in response to the COVID-19 pandemic, the DfE's changed the Early Years Block funding methodology, from using the January Censuses to using the 3 termly counts that local authorities recorded. As such, the benefit that we would normally achieve was fully removed. We planned for this, and absorbed its impact. Over the full period of the COVID-19 pandemic, entitlement delivery numbers have been distorted, and, in setting out our 2022/23 planned budget, we explained that we were not clear that the benefit we had previously enjoyed would still be present, or would be present to the same degree. We explained how we predict that the reduction in 3&4-year-old entitlement numbers, as a result of demographic trends, is likely to reduce (and possibly fully remove) over time the benefit, as it appears to have done in respect of the 2-year-old entitlement. Therefore, one of the actions we took to continue to protect the Early Years Block was not to assume any benefit in 2022/23.

  We have now collected May 2022 and October 2022 entitlement delivery numbers. Using this data, we estimate, at least for 2022/23, that the benefit is still present, but has been reduced by about a 1/3rd. The £0.521m estimated underspending in 3&4-year-old entitlement allocations principally is the result of this, and this is the main reason for the improvement in the overall Early Years Block surplus balance position.

- We continue to see underspending (estimated at £148,000) in the resources allocated to providers via the Disability Access Fund (DAF). For 2 years now we have increased the value of DAF allocation per child to £1,000 (from the DfE's minimum of £800) and we expect to continue this in 2023/24, using balances if necessary to afford this. As there is substantial cross-over between DAF and Early Years SEND Inclusion (EYIF) funds, we are also proposing to use a proportion of the DAF balance that has accrued to help meet the cost of our EYIF fund in 2023/24, which is increasing due to a larger number of claims.

In presenting an estimated £0.950m improvement in the Early Years Block balance, we remind the Schools Forum that, within the 2022/23 planned budget, we continued to transfer to the High Needs Block £0.332m of contribution that the Early Years Block normally makes to the provision of early years SEND services. This

Details of the Item for Consideration

transfer has sought to protect the Early Years Block, at a time when this Block's position was uncertain and was appearing to be under stress, including as a result of the impact of the COVID-19 pandemic. We do not propose to retrospectively charge this £0.332m contribution to the Early Years Block in 2022/23, meaning that the value of balance to be carried forward at 31 March 2023 within the Early Years Block is increased to provide additional funding to be used in support of the pressures that will need to be managed going forward. We do propose however, that the £0.332m on-going budget is returned to the Early Years Block from April 2023.

We forecast that the 2022/23 planned budget for the **High Needs Block** will be under-spent by £2.35m (2.3%). Including the additional £1.282m of balance brought forward from 2021/22, we estimate that the value of balance to be held at 31 March 2023 within the High Needs Block will be £3.631m greater than the value originally estimated and presented to the Schools Forum on 12 January 2022. Members will identify from Appendix 1 that there are a number of movements, both over and under spends, against the planned budget that was presented to the Schools Forum in January 2022.

Firstly, members are asked to note that the figures in Appendix 1 for the High Needs Block are based on estimates of spending between December 2022 and March 2023. There continues to be a significant amount of structural change, which is taking place on a backdrop of continued growth in the numbers of EHCPs and places creation. These changes combine to mean that it is challenging to forecast with certainty what the profile of spend will be for the rest of this financial year. This uncertainty knocks into the setting of the planned budget for 2023/24, where the 2022/23 financial year spending base will be used in certain areas e.g. mainstream EHCPs and Other Local Authority, Non Maintained Special School and Independent placements, as a starting point to estimate the budget required going forward. Variances in actual vs. estimated spending growth in the period December 2021 to March 2022, have contributed to the movements in spending now reported in Appendix 1 against the 2022/23 budget. To highlight some specific points from Appendix 1:

- The forecast incorporates the £0.920m additional spending that the Authority presented to the Schools Forum in July 2022 (the Authority's 'inclusion investment support plan').

- The budget provision for additional specialist places creation is estimated to under-spend by £1.78m. Places creation is presented in more detail in Document PH (Annual SEND Sufficiency Statement).

- We reported to the Forum in January 2022 that our High Needs Block allocation for 2022/23 was (unexpectedly) increased via £3.85m of supplementary funding, allocated for the Authority to use flexibly, but primarily, to support the cost of the 1.25% National Insurance Levy, as well as the extra study hours included as part of the Government's education recovery plan for post-16 students with high needs. The £3.85m was not allocated within the 2022/23 budget that we agreed on 12 January. However, we presented to the Forum in March details of how our rates of top-up funding for EHCPs were further increased, and broadly how we expected to use this funding. Our estimates of spending on further education post 16 placements, and placements in independent settings, include assumptions about additional costs in relation to the National Insurance Levy and to the extra post 16 study hours. It is not possible to separate within our spending forecast the proportion of provider funding that is specifically met from the £3.85m. As such, this is shown as unspent, but with the spending as a consequence of the uplift of top-up funding, the cost of extra study hours, and the additional costs of placements in independent provisions as a result of the National Insurance Levy, included in respective spending lines. In holistic terms, the £3.85m has been substantially used to offset the impact of the growth in cost of mainstream EHCPs and of independent placements. Combined, these two spending areas are of most concern to the Authority, when looking at the future trajectory of the High Needs Block.

- We forecast that the cost of mainstream EHCPs, including the cost of the SEND Funding Floor, will exceed the planned budget by £1.74m (spend +39% on 2021/22). The Authority has seen continued significant growth in the number of EHCPs over the last 12 months. The subsequent growth in the cost of top-up allocations is combined with the substantial growth in the cost of the SEND Funding Floor (growth from £1.7m in 2021/22 to £2.3m at October 2022, with further growth to come in 22-23). We forecast that the cost of independent, out of authority and non-maintained special school placements will exceed the budget by £3.00m (spend +31% on 2021/22). This is a very estimated figure at this time. This budget typically is volatile and can change significantly, depending on high cost placements.

- The £1.0m provision for the EHCP Banded Model impact is shown as unspent. However, this is for simplicity of reporting, and because specific spending is difficult to isolate. This £1.0m provision has been held in order to support the embedding of the EHCP Banded Model, especially the expansion of its 'stacking' facility (where the SEND Panel can add more than one value of Band funding together to find the best fit for an individual EHCP in any setting). In Appendix 1, the cost of stacking, and of other band amendments, are included within respective Place-Plus spending lines. As an example of the growth of stacking, in November 2021, 24 EHCPs in School-Led Resourced Provision, LA-Led Resourced Provision and Special Schools received stacking. This has increased to 106 in November 2022.

Details of the Item for Consideration

We forecast a £0.281m surplus balance within the **Central Schools Services Block** (CSSB) at 31 March 2023. This is currently based on estimates of services spending. A reconciliation will take place within the Council's year end closedown process and we will present to the Forum in July 2023 the final position.

In the 2022/23 planned budget, we held a £50,000 'structural resilience' contingency, the purpose of which was to ensure that the CSSB does not 'overreach' itself going forward, as the additional historic commitments funding, that we have benefited from in recent years, reduces and then finally ceases in the very near future. We do not currently expect the £50,000 provision to be spent in 2022/23, so this will carry over to be added to the £0.231m surplus balance that was brought forward from 2021/22.

Allocation and Retention of Balances to be Brought Forward from 2022/23

Appendix 2:

a) Shows (repeats from Appendix 1) the values of balances that are currently estimated to be carried into 2023/24. It then shows the values that are already committed as a result of previous decisions, and

b) Puts forward indicative proposals / considerations for the allocation and / or retention of the remaining balances. The Forum will be asked to make final recommendations on this on 11 January.

Schools Block (£5.319m)

- A balance of £0.797m held in de-delegated funds for maintained schools is estimated to be retained. A breakdown of this balance is provided in the separate report (Document PI Appendix 2). The Authority proposes to release a proportion of this balance (£0.100m) to support the cost of the primary phase maternity / paternity insurance scheme in 2023/24, and also to use the £0.122m School Improvement (SIMB) fund balance to retain the contribution at the 2022/23 value. The balance will also be used to support, as priority, staff suspension and exceptional circumstances requests, as well as any costs arising from new deficits held by sponsored primary academy converters, as the Authority continues to propose that no new budget is de-delegated for this purpose. The rest of the balance is ring-fenced and retained.

- £1.296m of balance relating to the Growth Fund, which is ring-fenced and is proposed to be retained to support Growth Fund costs, both in 2023/24 and on an on-going basis, including to be available to support schools and academies via the new flexibilities (for the management of falling rolls and 'surplus places') that are expected to be brought into Schools Block arrangements, following the most recent National Funding Formula (NFF) consultation. This consultation strongly put forward the view that local authorities retain Growth Fund responsibilities under the NFF. Retaining this surplus balance will help, given that there are uncertainties currently on how growth will be funded (with the concern that the proposed 'netting off' of pupil numbers growth from reduction may result in insufficient funding).

- £0.500m of balance relating to the Falling Rolls Fund (FRF) for the primary-phase. We will present a final position statement for 2022/23 to the Forum in March 2023. Based on current modelling, we anticipate that no primary-phase schools or academies will be eligible. The £0.500m is proposed to be retained to support FRF costs in 2023/24, but also to be available to support schools and academies via the flexibilities (for the management of falling rolls) that are expected to be brought into Schools Block arrangements.

- £0.421m of balance relating to primary phase £GUF monies. Whether this funding is allocated into the 2023/24 budget to support the full mirroring of the National Funding Formula, based on the October 2022 Census dataset, will be discussed further with the Schools Forum on 11 January. This will be the immediate priority use of this funding. If not used for this purpose, we propose that the £0.421m is retained and held alongside the Falling Rolls Fund and Growth Fund balances above, to combine to create a sum of Schools Block funding that is available to support primary schools and academies via the expected new flexibilities for the management of falling rolls and surplus places. Falling rolls is a significant issue for the primary phase, and we take the view that we would wish to see how the expected new flexibilities could be used, before committing this balance elsewhere to more general formula spending.

- The Appendix 2 balance figure currently assumes that the cost of our Schools Block arrangements in 2023/24 exceed our 2023/24 DSG Schools Block allocation by £0.101m. This is the current position, prior to calculating final formula funding allocations for schools and academies using the October 2022 Census dataset. Members therefore, should treat this as an estimate at this stage.

- A balance of £2.204m of reserve is then estimated to be retained, again subject to discussions with the Forum on 11 January regarding the affordability of our formula funding proposals when calculated using the October 2022 Census dataset. £2.204m is 0.45% of the Schools Block. In particular, we identify that we are likely to need to use a proportion of this reserve (TBC) to initially cover the cost of changes in NNDR (Business Rates) in 2023/24, prior to being reimbursed through the APT process in future years.

Details of the Item for Consideration

Early Years Block (£4.216m)

- A balance of £0.072m in de-delegated funds is estimated to be retained across the financial year-end. This balance is ring-fenced and is proposed continue to be retained, as it is in the Schools Block.

- A balance of £0.741m in the Disability Access Fund (DAF) is estimated to be carried forward into 2023/24. We have previously repeatedly under-spent this fund. We increased the value of the DAF allocation paid per child in 2021/22, from £615 to £1,000, with the expectations that this increase will help support provider costs, will complement the Early Years Inclusion Fund, and will also help to begin to release the surplus balance to providers. We will continue to keep this balance, and action to spend it, under review. As there is substantial cross-over between DAF and Early Years SEND Inclusion (EYIF) funds however, we are proposing in 2023/24 to use a proportion of the DAF balance that has accrued to help manage the cost of our EYIF fund, which is increasing due to a larger number of claims. In practical terms, this means using an estimated £0.100m of the DAF surplus balance to cover the cost of 2023/24 DAF allocations.

- A sum of £0.845m is estimated to be needed to be available to secure the delivery of the Early Years Single Funding Formula that we have indicatively modelled for 2023/24, prior to the DfE's announcement of the settlement and formula funding arrangements. Please see Document PB for further information.

- At this time, on current calculations and using available data, we estimate an unallocated balance of £2.558m (6% of the Early Years Block) will be retained to support the pressures that will need to be managed within the Early Years Block going forward from April 2024. This includes bringing our EYSFF spending more in line with our Early Years Block annual allocation, rather than relaying substantially on reserves, and managing the impact of this transition on rates of provider funding.

High Needs Block (£25.688m)

- Forum members are reminded that the Authority presented reports in May (Document OM) and July (Document OR) 2022, following discussions regarding the use and retention of the High Needs Block surplus balance that was carried forward from the 2021/22 financial year. The July 2022 report set out a plan for £920,000 of investment, in 3 areas, in support of inclusion. This initial investment will run to the end of the 2022/23 academic year, where it has been agreed that a review of impact will inform whether the High Needs Block surplus balance continues its investment in these areas. Currently, for budget planning purposes, it is assumed that the £0.920m will continue for a full financial year in 2023/24.

- We currently estimate that we may need to earmark an additional £6.709m of the balance to establish a planned budget for the High Needs Block for 2023/24 that balances back to zero. This figure will be updated / confirmed within the information that will be presented to the Forum on 11 January. In total, with the addition of the £0.920m, we currently estimate that £7.629m (30% of the forecasted surplus balance) may be deployed during 2023/24. To highlight here: £0.920m of this estimated overspend is the result of deliberate additional inclusion plan spending, which is to be reviewed, and c. £4.0m is budget for new specialist places, which we do not expect to see full spending of in 2023/24 but which needs to be structurally built into the budget. Also to clarify, this estimate assumes that our proposals for high needs funding in 2023/24, including top-up uplift and the control of the SEND Funding Floor, are actioned.

- On this basis, £18.059m of surplus balance would remain at March 2024. We will present to the Forum on 11 January an updated DSG Management Plan, which will include a future year estimate of the High Needs Block. This estimate currently clearly indicates the continuation (and acceleration) of a substantial overspending in our High Needs Block, which will require significant mitigating actions, discussion on which will need to form part of our 2024/25 DSG budget setting cycle. We are moving into a period where the risk of cumulative deficit in our DSG account is high.

- In this context, the Authority at this time does not plan any other significant use of the High Needs Block surplus. As members are aware, the planned budget is constructed on a series of estimates and we try to take a prudent approach to these estimates. However, a first call on the £25.688m will be meeting in year the cost of change, as well as supporting any unexpected costs that may arise across 2022 and 2023 after the planned budget for 2023/24 has been agreed. The second, perhaps more important, call on the £25.688m balance will be supporting the avoidance of cumulative deficit in the High Needs Block over the medium term. We are also conscious of two significant uncertainties, that are likely to have financial implications for our High Needs Block going forward, a) the outcomes of the national reviews on SEND, EHCP and Alternative Provision systems and funding - it is likely that changes that come from these reviews will alter the cost base that our High Needs Block will need to manage, and b) whether the annual increase in High Needs Block funding allocated by the DfE keeps pace with increasing costs, linked with the rate of continued growth in our costs, especially from the continued growth in the number of EHCPs and the number of specialist places created, which is uncertain. On current information, we would assume that funding will not keep pace with costs growth.

Details of the Item for Consideration

Central Schools Services Block (£0.281m)

- In previous years, we have agreed that CSSB surplus balances are transferred for use within the Schools Block but that, where a CSSB surplus has been transferred previously, we also expect, if a deficit balance is subsequently held within the CSSB, the Schools Forum will agree for the Schools Block balance to write off this deficit, up to the cumulative value of the surplus balance previously transferred. We do not propose to continue this policy from 2022/23 onwards, meaning that the surplus balance that is forecasted to be held within the CSSB is expected stay with the CSSB. This change of approach will better support us to meet the pressures that we anticipate will be present within the CSSB as a result of the movement to the final cessation of historic commitments funding, which was worth £0.225m in 2022/23 (reducing to £0.18m in 2023/24).

- On current estimates, £0.023m of surplus balance will be allocated into the 2023/24 planned budget, to continue existing commitments uplifted for pay award and inflation, and to meet the increased cost of copyright licences for mainstream primary and secondary schools and academies, in combination with the 2023/24 CSSB allocation received from the DfE. This leaves an estimated £0.258m, which will be retained to support future sustainability.

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

These balances must be spent on DSG functions and in accordance with the Regulations.

Recommendations

Members are asked to consider whether sufficient information has been provided to enable final recommendations to be made on 11 January on the allocation and / or retention of estimated DSG balances.

List of Supporting Appendices / Papers *(where applicable)*

Appendix 1 – 2022/23 DSG Spending Forecast Report
Appendix 2 – Statement of uses & retention of balances forecasted to be carried forward into 2023/24

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