2023/24 Financial Year Dedicated Schools Grant Decisions and Recommendations List

This report lists the decisions and recommendations that the Schools Forum is asked to make in supporting the Local Authority to establish the Dedicated Schools Grant (DSG) planned budget and formula funding arrangements for the 2023/24 financial year. The Forum is asked to take decisions (as required by the Regulations), and to make its final formal recommendations, on the Authority's proposals.

1. Schools Block Centrally Managed Funds 2023/24 (DECISION)

Schools Block De-Delegated Funds 2023/24 (DECISION)

Please refer to Document PN Appendices 1 – 3.

1.1 Schools Members representing maintained primary & secondary schools only are asked to **decide the values of de-delegated funds, and the contributions to be taken from the 2023/24 formula funding allocations of maintained primary & secondary schools**, as proposed in Document PN and its appendices (VOTE BY PHASE).

a) **School Re-Organisation Costs (Safeguarded Salaries) (Primary & Secondary)**: continue de-delegation from both the primary and secondary phases for the actual cost of continuing safeguarded salaries in maintained primary and secondary schools.

b) **School Re-Organisation Costs (Sponsored academy conversions budget deficits) (Primary phase only):** Continue to 'pause' de-delegation from the primary phase, meaning that no new contribution is taken in 2023/24. Review again for 2024/25. The Schools Forum will be provided with monitoring reports where this fund's brought forward balance is used in 2023/24 for this purpose.

c) **Exceptional Costs & Schools in Financial Difficulty (Primary phase only)**: continue de-delegation from the primary phase at the 2022/23 per pupil value.

d) **Costs of FSM Eligibility Assessments (Primary & Secondary)**: continue de-delegation from both the primary and secondary phases at the 2022/23 per FSM6 values, with contributions continuing to be taken using Free School Meals (FSM) Ever 6 data.

e) **Fisher Family Trust (Primary phase only)**: continue de-delegation from the primary phase, recovering the cash value to match the actual final cost, which is still to be confirmed. Please note that the Schools Members representing maintained primary schools decided on 12 October 2022 to continue de-delegation in 2023/24 for the purposes of subscribing to FFT. As such, this decision is repeated here only for reference and for completeness.

f) **Trade Union Facilities Time – Negotiator Time (Primary & Secondary)**: continue de-delegation from primary and secondary phases at the 2022/23 per pupil value.

g) **Trade Union Facilities Time – Health and Safety Time (Primary & Secondary)**: continue de-delegation from primary and secondary phases at the 2022/23 per pupil value.

h) **School Maternity / Paternity 'insurance' fund (Primary phase only)**: continue de-delegation from the primary phase at a value forecasted to afford the scheme for a full year. The £app cost is shown in Document PN Appendix 2 (£26.44 per pupil, which is + 30% on 2022/23). The £26.44 per pupil value includes the release, on a one off basis, of £0.10m of balance brought forward within this fund. It is estimated that the scheme will cost £0.75m in total in 2023/24.

i) **School Staff Public Duties and Suspensions Fund (Primary phase only)**: continue de-delegation from the primary phase on the same £app basis as 2022/23.

j) **School Improvement (Replacement of the School Improvement Monitoring and Brokering Grant) (Primary & Secondary)**: continue de-delegation from primary and secondary phases at the 2022/23 per pupil value. Based on estimate of the cost of the Authority's school improvement programme, and of the total income that will be available (incorporating the mid-year conversion of maintained schools to academy), £0.122m of balance brought forward will be used within this fund in 2023/24, alongside new year contributions.

1.2 Schools Members representing maintained primary & secondary schools only are asked to agree (to decide) **the principles** behind the management of the Schools Block de-delegated funds listed in paragraph 1.1:

a) Any over or under spend within these funds will be written off from, or added back to, the DSG's de-delegated funds in 2024/25 on a phase specific, fund specific, basis i.e. if primary schools overspend in the maternity / paternity insurance scheme fund the value of the fund created through de-delegation in 2024/25, support by available surplus balances brought forward, will need to compensate for this.

b) These decisions set the position for the 2023/24 financial year only.

c) The funds will be managed and allocated according to their applicable criteria as set out in the autumn 2022 consultation document (where it was proposed to continue the same criteria as used in 2022/23).

1.3 The Schools Forum is asked to note that a total net surplus balance of de-delegated funds of £0.797m is forecasted to be carried forward within the Schools Block into 2023/24. As such, the Schools Forum is not asked to write off from the 2023/24 Schools Budget any deficit associated with de-delegated funds. Within the 2023/24 proposals, £0.100m of the £0.797m is specifically earmarked to support the cost of the school maternity / paternity insurance fund and £0.122m is earmarked to support the cost of the school improvement fund. On this basis, it is estimated that the balance of de-delegated funds held within the Schools Block at the end of the 2023/24 financial will reduce to £0.575m.

Schools Block Growth Fund 2023/24 (DECISION)

Please refer to Document PN Appendix 1 (full list of DSG centrally managed funds) and Document PQ Appendix 1 (list of proposed allocations from the Growth Fund to existing expanding schools and academies for the Forum's approval).

1.4 The Schools Forum is asked to agree (to decide) the allocations from the 2023/24 Schools Block Growth Fund to **existing expansions and existing bulge classes** as proposed and as listed in Document PQ Appendix 1. Members are asked to note:

a) There are 15 allocations with a total gross value of £0.571m. 6 Primary schools / Primary academies; 2 all through academies; 7 Secondary academies.

b) The allocations to the all through academies and to the secondary academies simply complete, for the full 2022/23 academic year, the growth fund allocations that are set out in Document PJ (presented under agenda item 5), which cover the period up to 31 March 2023. Appendix 1 does not include allocations from the Growth Fund to the secondary phase for the 2023/24 academic year. Allocations for both continuing and new expansions and bulge classes in the secondary phase for the 2023/24 academic year will be funded from the provision explained in paragraph 1.5 below and will be presented to the Schools Forum for agreement in December 2023, following the collection of the October 2023 Census.

c) The £0.374m for academies for the period April to August 2023 will be reimbursed back to the Schools Block via the ESFA's academy recoupment process. As such, the £0.374m does not represent a cost to our 2023/24 Schools Block. So, although the Forum is asked to approve allocations totalling £0.571m, as listed in Document PQ Appendix 1, the actual net cost of these allocations to the 2023/24 Schools Block is £0.571m minus £0.374m = £0.197m.

1.5 The Schools Forum is asked to agree (to decide) that a further planned budget of £0.600m is taken from the 2023/24 Schools Block for the Growth Fund to cover **new allocations to be agreed during 2023/24**. This planned budget is only for growth in the secondary-phase i.e. no new budget provision is proposed to be taken from the 2023/24 Schools Block for primary-phase growth. All new in-year allocations from the Growth Fund will be agreed by the Schools Forum, prior to confirmation these with the receiving school or academy. Growth Fund allocations will continue as a standing Schools Forum agenda item to enable this.

a) Recognising: that the pupil population in the primary-phase is reducing, as a consequence of demographic trends, and that a value of £1.320m of balance held within the Schools Block is forecasted to be carried forward into 2023/24, the Authority proposes not to take new budget from the 2023/24 Schools Block allocation for the purposes of funding growth in the primary-phase. A proportion of the £1.320m balance instead will be available to be used to meet any costs of new growth that may be agreed for the primary-phase in 2023/24.

b) £0.600m will fund 8 additional forms of entry or bulge classes in the secondary phase at September 2023 (for the period September 2023 to 31 March 2024). By comparison, the Authority has funded 9 forms of entry, in total, for the period September 2022 to March 2023. As above with the primary-phase, recognising that a value of £1.320m of balance held within the Schools Block is forecasted to be carried forward into 2023/24, the Authority proposes to take a reduced budget from the 2023/24 Schools Block allocation, for the purposes of funding growth in the secondary-phase, with a proportion of the £1.320m balance being available to meet any additional cost above 8 forms of entry. In doing this, the Authority seeks to use the existing balance to maximise the value of 2023/24 Schools Block funding that is available to be allocated to other purposes, including in support of continuing to afford our full mirroring of the National Funding Formula for mainstream primary and secondary schools and academies.

c) The Authority does however, also recognise that new flexibilities (for the management of growth, falling rolls and 'surplus places') are expected to be brought into Schools Block arrangements in 2024/25, following the most recent National Funding Formula (NFF) consultation. This consultation quite clearly put forward the view that local authorities should retain Growth Fund responsibilities under the NFF. Retaining a surplus balance into 2024/25 will help therefore, given that there are uncertainties currently about how growth will be funded (with the concern that we expressed in our consultation response; that the proposed 'netting off' of pupil numbers 'growth' from 'reduction' may result in insufficient funding being available to support either issue). Falling rolls is also a significant issue for the primary phase, in particular, and we take the view that we would wish to see how the expected new flexibilities could be used, before committing the Growth Fund balance (as well as the Falling Rolls Fund Balance – see below) elsewhere to more general formula spending. However, also in the context of our overall Schools Block spending position in 2023/24, following a £1m cost of 'data lag' (this is explained further in section 7), we may wish to consider using the Growth Fund (and Falling Rolls Fund) reserve balances in future years to support the overall cost of our mainstream formula, prior to the full implementation of the NFF.

1.6 The Schools Forum is asked to agree (to decide) to use the **criteria** for the allocation of the Schools Block Growth Fund in 2023/24 as set out in the autumn 2022 consultation document, which are the criteria used in 2022/23.

Schools Block Falling Rolls Fund 2023/24 (DECISION)

Please refer to Document PN Appendix 1 (full list of DSG centrally managed funds).

1.7 The Schools Forum is asked to agree (to decide) to **continue the Falling Rolls Fund for the primary phase for the 2023/24 financial year**. Whilst we have concluded that the Falling Rolls Fund currently holds limited value, as it is not a mechanism that will support the vast majority of primary-phase schools and academies, it is a mechanism that was developed following close review. As such, the Authority does not wish to remove this mechanism entirely from our Schools Block funding approach.

1.8 The Schools Forum is asked to agree (to decide) to use the **criteria** for the allocation of the Schools Block Falling Roll Fund in 2023/24 as set out in the autumn 2022 consultation document, which are the criteria used in 2022/23 (with the annual reference points moved on one year in time).

1.9 The Schools Forum is asked to agree (to decide) that the **cost of the 2023/24 Falling Rolls Fund be met from the balance that will be brought forward from 2022/23**, rather than by taking new budget from the 2023/24 Schools Block. Forum Members are asked to note that actual proposed allocations from the Falling Rolls Fund for this current financial year will be presented to the Schools Forum in March 2023. The final value of balance that will be carried into 2023/24 therefore, will be confirmed at this point. On current modelling however, the Authority anticipates that there will not be any allocations from this fund for the 2022/23 financial year. Therefore, the balance carried forward is expected to be £0.500m.

1.10 The Schools Forum is asked to agree to the Authority's proposal to continue **to retain this balance in 2023/24**, to be available to support costs in 2023/24, but also to be available to support schools and academies via the new flexibilities (for the management of falling rolls) that are expected to be brought into Schools Block arrangements in 2024/25. Falling rolls is a significant issue for the primary phase, in particular, and we take the view that we would wish to see how the expected new flexibilities could be used, before committing this balance (as well as the Growth Fund balance – see above) elsewhere to more general formula spending.

2. Early Years Block Centrally Retained Funds 2023/24 (DECISION)

Please refer to Document PN Appendix 1 (full list of DSG centrally managed funds).

2.1 The Schools Forum is asked to support the Authority to establish the 2023/24 DSG planned budget by **deciding the retention of funds for central management within the Early Years Block** as proposed and as listed in Document PN Appendix 1:

a) £0.037m (continuation) for the Early Years Block's contribution to the **DfE Copyright Licences charge**.

b) £0.119m (continuation) for access by maintained nursery schools to Schools Block **de-delegated funds** (Trade Union Facilities Time, Maternity / Paternity Insurance Scheme, Staff Public Duties and Suspensions). A breakdown of the £0.119m is given in Document PN Appendix 2. This budget counts within the maximum 5% of 3&4-year-old entitlement funding that the Authority is permitted to centrally retain within the Early Years Block.

c) £0.650m (continuation) for the estimated cost of allocations to early years providers from the **Early Years SEND Inclusion Fund (EYIF)**. This budget is increased on the £0.500m that was held in 2022/23, in response to a growth in the number of claims (and in anticipation of an on-going higher claim level) The £0.650m budget is split £0.100m for 2-year-olds and £0.550m for 3&4-year- olds. The criteria proposed to be used to allocate the SEND Inclusion Fund are set out in our consultation on Early Years Single Funding Formula arrangements for 2023/24. Please see Document PK. These criteria are the same as currently used in 2022/23. The consultation is currently live and closes on 6 February. The outcomes of the consultation will be presented to the Schools Forum on 8 March. At this time, we are establishing the planned budget for the Early Years Block on the basis that the Authority's proposals will be agreed and implemented. *

   Although the £0.650m budget is shown here as centrally retained, the full value is intended for allocation to providers during the year. As such, the £0.550m proportion of this budget, to be allocated to eligible 3&4-year-olds, does not count towards the maximum 5% of 3&4-year-old entitlement funding that can be retained centrally within the Early Years Block. Although this will also be passed out to providers, because it is not allocated in respect of 3&4-year-olds, the £0.100m EYIF budget for 2-year-olds does count towards the 5%.

   The School Forum is asked to note that the **Early Years Pupil Premium (£0.437m)** and **Disability Access Fund (£0.120m)** budgets, shown in Document PN Appendix 1, are funds that are also allocated to providers during the year, following the conditions set by the DfE, and these funds also do not count towards the maximum 5% central retention restriction. *

   * To explain in a little more technical detail our overall approach to the financing of EYIF and DAF funding in 2023/24. We propose to continue our Early Years SEND Inclusion Fund (EYIF), with this fully financed from the Early Years Block. The number of claims from providers for EYIF funding however, has significantly increased during 2022/23, and we see that it is necessary to increase the EYIF planned budget in 2023/24 by £0.150m to absorb this. Our spending on the Disability Access Fund (DAF) continues generally to be lower than the annual value of DAF funding that we receive through the Early Years Block, and we have accrued a sizeable surplus balance as a result (estimated at £0.741m at the end of 2022/23). This is despite us, at April 2021, increasing the value of DAF we allocate per eligible

child per year to £1,000, which is higher than the £800 minimum that is currently required by the DfE. The DfE's expectation is that DAF funding is used for the purpose intended (which is to support children in early years with SEND), and there is clear over-lap between DAF and EYIF funding streams. In the context of the DAF surplus balance, and the growth in cost of EYIF, therefore, we propose to increase the DAF allocation per child, to £1,200, but also then to use the 2023/24 new year DAF allocation to support our EYIF cost, with the cost of DAF in 2023/24 funded from the surplus balance that will be carried forward; currently estimated at £0.120m. We will keep this position under review for future years. We will also continue to review how we can further support increasing the take up of DAF funding.

d) £0.216m (continuation) for **the Area SENCOs function** that is managed by the Local Authority in respect of Private, Voluntary and Independent (PVI) early years providers. This budget, over the COVID-19 pandemic period, was temporarily charged to the High Needs Block, but was returned to the Early Years Block at April 2022. The proposed budget for 2023/24 includes an allowance for pay award / inflation.

e) £0.366m (returned to the Early Years Block) for the Early Years Block's contribution **to early years SEND support services, including portage**. Prior to April 2021, the contribution to early years SEND support services, was charged to the Early Years Block. In seeking to protect the Early Years Block, during the COVID-19 pandemic, we transferred this cost to be met by the High Needs Block, with the intention to transfer the cost back at an appropriate time. In now managing the financial pressure that is increasing within the High Needs Block, in the context of the current more secure position of the Early Years Block, we propose to return this contribution to the Early Years Block in 2023/24. We will keep this position under review for future years. The proposed budget for 2023/24 includes an allowance for pay award / inflation.

f) £0.530m (continuation and increase), as presented to the Schools Forum on 7 December (Document PI), for the **Early Years Block's contribution to the cost of the Authority's early years entitlement funding and provider support services**. The Authority delivers support services for provider sustainability, quality (including Ofsted support), as well as the delivery of the Early Years Single Funding Formula and related advice, support, monitoring, compliance and intervention. The Forum agreed a new contribution to these services, of £0.100m in 2022/23, which we stated we wish to further review, as the full cost of these services is substantially higher and as there is growing need to ensure that sufficient capacity is available in response to increasing demands and complexities. We propose to increase this contribution from £0.100m to £0.530m in 2023/24. This is intended to meet the staffing costs of the early years entitlement and quality support teams, inclusive of estimates of pay award / inflation. As we presented to the Forum on 7 December, in the context of financial benchmarking, and the Council's budget position, which is very challenging, whilst being very aware of the need to continue to maximise the funding rates for entitlement providers, the Council is seeking to achieve an increased contribution from the Early Years Block to the cost of these provider support services and functions, on an on-going basis, so that these functions can be sustained. An increased contribution will bring us more in line with the position in other local authorities.

2.2 The Schools Forum is asked to note that a total of £1.368m of the centrally retained budgets listed in paragraph 2.1 count towards the 5% of 3&4-year-old entitlement funding central retention restriction. As shown in the Early Years Pro-Forma (Document PO Appendix 5), we calculate on this basis that **96.7% of our estimated 2023/24 3&4-year-old entitlement funding (excluding the allocation of brought forward balances) will be passed-through to providers**; or, to put it another way, 3.3% of our estimated 2023/24 3&4-year-old entitlement funding will be either be centrally retained or will be used otherwise than for funding the 3&4-year-old entitlement and the 3&4-year-old Early Years SEND Inclusion Fund. The equivalent figure for 2022/23 was 97.2%.

The 96.7% is affected, not just by the values of budgets held centrally within the Early Years Block (the £1.368m), but also by the additional cost of the 2-year-old entitlement. We estimate at this time that the cost of funding the 2-year-old entitlement in 2023/24 may exceed its funding by £0.543m, due to the profile of hours to be funded across the year by term, including our 2nd headcount arrangement, and how this relates to the way the DfE funds the Early Years Block using the January Censuses. This is a position that we estimate is present when 2-year-old numbers reduce in line with demographic trends. This is also a position that we estimate may affect our 3&4-year-old numbers going forward. We will need to continue to monitor this situation closely, to ensure that our 2-year-old funding approach does not place excessive pressure on our 3&4-year-old entitlement funding on an on-going basis.

Previously, when we have included within our pass-through % calculation the benefit that has come into our Early Years Block spending position, as a result of the difference in profile of Early Years Block-level funded 3&4-year-old entitlement hours (on January censuses) and setting-level funded hours (on termly censuses), our formal pass-through % has been higher than 100%. In 2020/21, our pass-through % was 100.7%. This is because, historically, we have been funded at Early Years Block-level for a greater number of entitlement hours than providers have delivered, as counted on a 3 terms basis. One of the actions we took to protect the Early Years Block in 2021/22, and in 2022/23, was to remove this benefit. This is because we were unclear whether this benefit would exist, due to COVID-19 impact, and because we also predict that the reduction in numbers in early years, from demographic trends, will remove this benefit over time. Because of the way the DfE temporarily changed the Early Years Block methodology, this benefit was not present in 2021/22 and so we were correct to make this assumption. In the light of forecasted demographic trends, for the 2022/23 planned budget we set in January 2022, we continued to assume that this benefit would not be present. As we reported to the Forum on 7 December, 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. Cautiously, we have assumed some continuing benefit in the 2023/24 Early Years Block planned budget that is presented to this meeting.

2.3 Finally, the Schools Forum is asked to note that it is not expected that the balance of Early Years Block centrally managed funds held at the end of the 2022/23 financial year will be a deficit. As such, the Schools Forum is not asked to write off from the 2023/24 Schools Budget any deficit associated with an Early Years Block fund.

3. The Central Schools Services Block 2023/24 (DECISION)

Please refer to Document PN Appendix 1 (full list of DSG centrally managed funds).

3.1 The Schools Forum is asked to agree (to decide) the allocation of the **Central Schools Services Block** (CSSB) for 2023/24 as proposed and as listed in Document PN Appendix 1:

a) **Schools Forum Running Costs**: proposed to continue at £11,700, which is the 2022/23 value of £11,000 plus an allowance for pay award and inflation. This budget contributes to the costs of running the Schools Forum that are met by School Funding Team and by Committee Secretariat.

b) **Pupil Admissions:** proposed to continue this budget at £0.987m, which is the 2022/23 value of £0.931m plus an allowance for pay award and inflation. Forum Members will recall that the Pupil Admissions budget was substantially increased in 2022/23 in response to service pressures.

c) **DfE Copyright Licences:** a value of £0.406m. The cost of copyright licences for primary and secondary schools and academies is met from the CSSB. This is not a matter for decision for the Schools Forum, as the DfE negotiates the price and top-slices our DSG. The costs for early years and high needs providers are charged within our DSG model to the respective blocks. The DfE confirmed the 2023/24 costs on 21 December 2022; increased in total by 10.6% on 2022/23.

d) **Education Services Grant (ESG) Statutory Duties:** proposed to continue this budget at £1.559m, which will continue to passport to the Local Authority's budget the 2022/23 committed cash budget. This is the former ESG Centrally Retained Duties Grant that was transferred into the DSG at April 2017 and is now allocated in support of the statutory duties that are delivered by the Local Authority on behalf of all state funded schools and academies. A list of statutory activities was presented to the Forum on 7 December 2022 in Document PI Appendix 3.

e) **Education Access Officers:** proposed to be continued and uplifted in 2023/24 to £0.500m (from £0.472m held in 2022/23) for pay award / inflation.

f) **Education Services Planning:** proposed to continue at £0.148m, which is the 2022/23 value of £0.140m plus an allowance for pay award and inflation. Forum Members will recall that this CSSB budget was newly established in 2022/23.

3.2 The Schools Forum is asked to note that, as a result of these proposals, there is no transfer of CSSB funding to any other DSG block. The full value of the 2023/24 CSSB funding settlement is allocated to spending within the CSSB. The Schools Forum is also asked to note that CSSB spending for 2023/24, as proposed, is funded without any reliance on any other DSG block. However, the total cost of the funds listed in 3.1 above is £3.612m, which exceeds the 2023/24 CSSB allocation by £0.054m. The £0.054m is proposed to be met from the surplus balance that is forecasted to be carried forward into 2023/24. Please see section 5.

4. The High Needs Block 2023/24 (RECOMMENDATION)

Please refer to:

- Document PL (the 2023/24 DSG summary, which summarises the planned High Needs Block budget).
- Document PP (the DSG Management Plan, which includes an updated view of the estimated High Needs Block future year trajectory and a list of planned commissioned specialist places).
- Document PO Appendix 3 (which shows in more detail how the High Needs Block planned budget for 2023/24 has been constructed at individual setting and budget heading level).
- Document PO Appendix 6 (which shows estimated allocations to special schools, special school academies, PRUs and alternative provision academies, as a result of the new condition that is attached to the additional £4.76m High Needs Block funding).

4.1 The Schools Forum is asked to support the Authority to establish the **2023/24 High Needs Block planned budget** by recommending that the formula approach **(the High Needs Funding Model)** the Authority proposed in our consultation, and that was reported back to the Schools Forum on 7 December 2022 (Document PE), is used to delegate High Needs Block funding to high needs providers, mainstream schools and academies and other settings in the 2023/24 financial year. This approach includes the following significant elements:

a) The continuation, with uplift (ranging between 3.7% at Band 3L and 1.7% at Band 4H; 1.7% for the Day Rate Model), of our EHCP Banded Model and of our PRU / Alternative Provision Day Rate Model.

b) The continuation of the existing setting-led need factors as are currently applied to the funding of specialist provisions.

c) The continuation of the allocation to specialist provisions of the former Teacher Pay Grant and the former Teacher Pension Grant, separately from top up funding, using the method and values we used in 2022/23.

d) The continuation for an additional year of the SEND Funding Floor mechanism that we first introduced in 2021/22, in support of Element 2 funding for SEND and EHCPs in mainstream primary and secondary settings. However, we propose to adjust (to increase – from median plus 1% to median + 3%) the thresholds that are used to calculate this Floor, in seeking to control the growth in the cost of this mechanism and to better retain the Floor's original purpose, in keeping with the DfE's expectations, which is to support a minority of schools and academies that have significantly greater numbers of pupils on roll with EHCPs. Despite this adjustment, we estimate that the cost of SEND Funding Floor in 2023/24 will be £0.785m higher than the 2022/23 planned budget estimate.

e) The amendment of our definition of Notional SEND budgets for mainstream schools and academies, to bring this definition more in line with the national picture and to improve fairness.

4.2 The Schools Forum is asked to note that we have estimated allocations to special schools, special school academies, PRUs and alternative provision academies, as a result of the new condition that is attached to the additional £4.76m High Needs Block funding that has been allocated, following the 17 November Autumn Statement. Please see Document PO Appendix 6. We estimate that these allocations will cost £1.393m. This is an estimate only, based on the DfE's directed methodology, with final allocations to be confirmed, including following consultation with the recipient settings. The £1.393m however, is included as expenditure within our 2023/24 High Needs Block planned budget. We will present confirmed allocations to the Forum on 8 March.

4.3 The Schools Forum is asked to note and **to give any feedback to the Authority** on the following significant elements, estimates and assumptions, which are incorporated into the construction of the 2023/24 High Needs Block (HNB) planned budget that is presented to this meeting:

a) The 2023/24 High Needs Block planned budget is calculated without any transfers of funding in from other Blocks or out to other Blocks. The only transfer relates to the contribution to early years SEND support services, which represents a transfer of expenditure (rather than funding) from the High Needs Block to the Early Years Block. Please see section 2 for more details of this transfer.

b) 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 planning purposes, it is assumed that the £0.920m will continue for a full financial year in 2023/24 and this is built into the planned budget that is presented to this meeting.

c) We estimate that, in addition to the £0.920m investment, we may need to deploy in the region of £3.280m of surplus balance brought forward within the High Needs Block to fully cover 2023/24 High Needs Block planned budget expenditure. This represents a significant over-spending, which we will need to respond to. The DSG Management Plan, presented in Document PP to this meeting, discusses the position of the High Needs Block in more detail.

d) The Local Authority continues to take a prudent approach to the setting of the planned budget. The Forum is reminded that High Needs Block expenditure is more difficult to predict than that in other DSG blocks, and is more subject to changes during the year. This difficulty is especially present currently due to the amount of structural change that continues to be delivered, and the scale of growth in the numbers of children and young people with EHCPs.

e) The 2023/24 planned budget that is presented to this meeting includes £4.23m of revenue budget for the further development of specialist SEND provisions. This is made up of full year (from April: +116 places) and part year (from September: +100 places) budget provision. This provision aligns with the SEND Sufficiency Statement, which was presented to the Forum on 7 December (Document PH). A list of planned commissioned places is presented in Document PP Appendix 1.

f) The 2023/24 planned budget is constructed to support the building of sustainable capacity for the longer term, by seeking to avoid under-estimating the full final cost (when established and fully occupied) of new places. The planned budget is constructed therefore, on a 'full year full places occupancy' style basis. This is done with the understanding that the filling of newly established or establishing capacity will be achieved in a managed way, and that there will be some degree of fluctuation in the occupancy of both new and existing provisions during the year. Whilst the 2023/24 planned budget includes £4.23m of revenue provision for new specialist places therefore, it is expected that the actual spending on newly created places in 2023/24 will be lower than this, as places will be created and occupied at different points.

g) Our planned budgets for the 2021/22 and 2022/23 financial years included an earmarked fund of £1.0m, which was to be available to cover further costs that may potentially come from the embedding of our recently amended EHCP Banded Model, especially from the further development of the 'stacking' facility. As our Banded Model will now be into its third year, and recognising that we are already estimating to overspend our High Needs Block allocation, we have removed the £1.0m fund from the 2023/24 planned budget. This means that all unexpected or higher than expected costs, that cannot be met by savings elsewhere within the High Needs Block in 2023/24, will need to be covered by the surplus brought forward balance.

h) The 2023/24 planned budget for Alternative Provision / PRU provision continues to be based on the principle that our PRU / AP provisions, where funded from the High Needs Block, deliver Local Authority-commissioned provision for pupils permanent excluded. The planned budget for 2023/24 continues not to fund school-commissioned alternative provision. 160 permanent exclusion places are funded within the planned budget for the 2023/24 academic year, compared with 165 places that were funded in the 2022/23 planned budget. The DfE's SEND Green Paper, published in March 2022, proposes some significant changes to the way alternative provision is funded, and to the role of the High Needs Block, with greater emphasis on early intervention (the allocation of funding to prevent permanent exclusion) and movement towards fixed annual budgets for AP providers that are allocated according to a local plan rather than on numbers of pupils on roll. No changes are made to national systems for the 2023/24 financial year. Our current Day Rate Funding Model incorporates a floor, which ensures a minimum level of funding so that our PRU and AP Academy can retain capacity, irrespective of actual occupancy. This is an area that we will need to closely review, when the DfE announces the 'next steps' in the national SEND Review.

i) The 2023/24 planned budget continues to be constructed incorporating the financial efficiencies that have come from the amalgamation of Bradford's hospital education, Tracks and medical home tuition provisions into a single Local Authority managed service. The DfE has not yet developed a national formula-based approach to the funding of these provisions, and continues to fund local authorities, through the High Needs Block, on historic information. As such, we receive £2.196m of funding in 2023/24, which is greater than our £1.583m estimated planned budget spending. This currently therefore, is an area of 'gain' for us within the High Needs Block, with this gain supporting other High Needs Block expenditure. However, if and when the DfE alters the national funding methodology, this gain may no longer be present, and the loss of this will increase the financial pressure on the High Needs Block. This is not currently accounted for within the forecast that is presented in Document PP Appendix 2.

j) The 2023/24 planned budget is based on a general estimate that our spend on: a) pupils with EHCPs in mainstream settings, b) students in post-16 Further Education & SPI settings, and c) pupils placed in independent and non-maintained special school provisions and in out of authority maintained provisions, will continue to grow in 2023/24 at the same rate as in 2022/23, as estimated in December 2022. Simply put, we are estimating that our number of children and young people with EHCPs will continue to grow over the next 12 months at existing rates. Spending in these 3 areas has substantially increased during 2022/23, and combined, these are the major contributors to the forecasted overspending within the High Needs Block, in 2023/24 and on-going. This is discussed further in the DSG Management Plan that is presented in Document PP.

k) How we propose to continue and to uplift our existing EHCP Banded Model means that separate additional arrangements are not required in order for us to comply with the DfE's Minimum Funding Guarantee for special schools and for special school academies.

l) Provision for SEND mainstream teaching support services held within the planned budget continues to incorporate the changes in structures that were agreed by the Executive back in 2018. The 2023/24 High Needs Block planned budget includes a large proportion of the £0.920m inclusion investment, as presented to the Schools Forum in July, and also incorporates an adjustment following the transfer of the contribution to early years SEND support services back to the Early Years Block. The total High Needs Block budget provision for these services in 2023/24, is £5.715m. This compares with the 2022/23 adjusted High Needs Block planned budget value of £4.683m (adjusted for the transfer of the early years SEND support services contribution).

m) As we have previously reported to the Forum, the DfE's national SEND / EHCP / Alternative Provision system and funding reviews are very likely to have significant implications for our High Needs Block income and expenditure going forward. Whilst we have made some small adjustments in approach, which are aimed at supporting transition, for example, our adjustment to our definition of Notional SEND budgets and our control of the growth in cost of the SEND Funding Floor, we have not significantly adjusted our 2023/24 High Needs Block planned budget in anticipation of changes that may come. There are no changes in the national high needs funding system in 2023/24. The DfE currently indicates that an implementation plan for the SEND Green Paper will be published early in 2023. We will need to review this plan closely. In its autumn term messaging to local authorities, about High Needs Block management, the DfE has stressed that the SEND Green Paper represents a longer term programme of change. However, it is quite possible that changes to the high needs funding system may be directed for the 2024/25 financial year. As such, we anticipate that, alongside review work that will be necessary in order to manage our forecasted deficit position, we will also need to review our funding arrangements for 2024/25 in the light of directed changes.

5. The Allocation & Retention of Balances forecasted to be Brought Forward from 2022/23 (RECOMMENDATION)

Please refer to Document PM Appendix 2.

5.1 The Schools Forum is asked to support the Authority to establish the **2023/24 DSG planned budget** by recommending the treatment of the £35.665m of balances that are forecasted to be carried forward into 2023/24, as listed and as proposed in the paragraphs below. £35.665m is 5.3% of the estimated 2023/24 DSG allocation.

5.2 In doing so, the Forum is asked to note that the figure of £35.665m is an estimate. The confirmed values of brought forward balances by DSG block will be presented to the Forum initially in July 2023 and then finally in September 2023 (the latter update incorporating the final adjustment to Early Years Block income).

5.3 It is forecasted that a balance of £0.281m will be carried forward from 2022/23 within the **Central Schools Services Block** (CSSB). The Schools Forum is asked to support the Authority's proposals, that:

a) £0.054m is allocated to the 2023/24 planned budget, to continue existing commitments uplifted for an allowance for pay award and inflation, and to meet the increased cost (+10.6%) of copyright licences for mainstream primary and secondary schools and academies, in combination with the 2023/24 CSSB allocation received from the DfE.

b) £0.227m is retained in support of CSSB expenditure in future years. In previous years, we have agreed with the Schools Forum that CSSB surplus balances be 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, meaning that the surplus balance that is forecasted to be held within the CSSB at 31 March 2023 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 £0.23m in 2022/23 (reducing to £0.18m in 2023/24).

5.4 It is forecasted that a balance of £4.211m will be carried forward from 2022/23 within the **Early Years Block**. The Schools Forum is asked to support the Authority's proposals, that:

a) The balance of £0.072m in de-delegated funds is ring-fenced and retained.

b) 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, and propose to increase the value again to £1,200 in 2023/24, 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 propose 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 £0.120m of the DAF surplus balance to cover the cost of 2023/24 DAF allocations. As such, £0.120m is proposed to be allocated to the 2023/24 Early Years Block planned budget, which leaves a sum of £0.621m that is retained and carried forward.

c) £0.837m is allocated into the 2023/24 Early Years Block planned budget to support the estimated cost of our Early Years Single Funding Formula (EYSFF), as proposed. Please see section 6. Whether this value of balance is actually needed (or whether a greater or lesser sum is needed) will depend on how spending develops during the year and how this compares against the entitlement delivery estimates used now. This is also subject to the outcomes of our consultation on our EYSFF.

d) The remaining value of balance, currently estimated to be £2.561m, is 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 2023/24 and going forward. £2.561m is 5.9% of the estimated value of our Early Years Block in 2023/24. The Authority has sought to explain in our Early Years Single Funding Formula consultation document for 2023/24 (Document PK) the financial position of the Early Years Block, how we are currently managing the structural issues that are present, whilst also continuing to seek to maximise the rates of funding allocated to providers for their entitlement delivery. The availability of reserves will be crucial to how these structural issues are managed and resolved over the next couple of years. The Authority is also conscious that the DfE has not yet confirmed the funding position of maintained nursery schools after 2024/25. Reserves held within the Early Years Block may be needed to support maintained nursery schools through transition that may be required.

5.5 It is forecasted that a balance of £25.830m will be carried forward from 2022/23 within the **High Needs Block**. The following sets out the position of this balance at this time:

a) 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.

b) When previously considering the balance held within the High Needs Block, the Forum has agreed with the Authority that this balance should not be allocated in support of on-going expenditure increases or pressures. This is because balances can only be spent once. However, it is not possible / realistic to take this position for the 2023/24 planned budget. We currently estimate that we may need to earmark an additional £3.280m of the balance to establish a planned budget for the High Needs Block for 2023/24 that balances back to zero. In total, with the addition of the £0.920m, we currently estimate that £4.200m (16% 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. £4.23m 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.

c) On this basis, £21.630m of surplus balance would remain at March 2024. Our updated DSG Management Plan, presented in Document PP, includes 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.

d) 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 £21.630m 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 £21.630m balance will be supporting the avoidance of cumulative deficit in the High Needs Block over the medium term. We are also conscious of three 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, b) whether we are successful in our bid for a new special school free school, and c) 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, and so reserves will be essential in this context.

5.6 It is forecasted that a balance of £5.343m will be carried forward from 2022/23 within the **Schools Block**. The Schools Forum is asked to support the Authority's proposals, that:

a) £0.797m is retained as the ring-fenced balance of de-delegated funds. A breakdown of this balance is provided in the separate report (Document PN Appendix 2). Within the 2023/24 planned budget proposals, £0.100m of the £0.797m is specifically earmarked for release to support the cost of the school maternity / paternity insurance fund and £0.122m is earmarked for release to support the cost of the school improvement fund. On this basis, £0.575m is retained and carried forward. However, this balance may also be used to support any costs arising from new deficits held by sponsored primary academy converters, as the Authority proposes that no new value of budget is de-delegated for this purpose in 2023/24. The rest of the balance is ring-fenced and is proposed to be held in support of the cost of continuing de-delegated funds, in line with the principles set out in paragraph 1.2.

b) £1.320m is retained as the Growth Fund ring-fenced balance and will be used to support the cost of allocations in 2023/24 and on-going. Please see paragraph 1.5.

c) £0.500m is retained as the ring-fenced balance for the primary phase Falling Rolls Fund. Please see paragraphs 1.9 and 1.10.

d) £0.397m is allocated to cover the estimated change in the cost of NNDR (Business Rates) for maintained primary and secondary schools for the 2023/24 financial year. However, this is a 'holding position' only, as our Schools Block will be reimbursed for this sum in 2024/25, when we will have a choice about whether the £0.397m is returned to reserves or is allocated through our Schools Block planned budget. Rateable values nationally are being re-valued for April 2023 (5 year scheduled re-evaluation), and costs nationally are increasing by around 15%. NNDR accounting arrangements are now rather complicated. As we are a local authority, that is still uses the 'old' approach to billing for NNDR costs (rather than the ESFA's 'new' approach), whilst the cost of NNDR changes in academies does not affect our Schools Block spending position, changes in costs in maintained schools do, prior to our Schools Block being reimbursed in the following year. The £0.397m is based on an estimate of NNDR costs, and is subject to confirmation.

e) £1.390m in total is proposed to be allocated into the 2023/24 Schools Block planned budget, in order to afford the mainstream primary and secondary funding formula, as we proposed in our consultation, now using the October 2022 Census dataset. Please see section 7 for further discussion on the allocation of the £1.390m and on the financial position of the Schools Block in 2023/24 following the use of the October 2022 Census dataset. The £1.390m includes the allocation of the £0.421m balance that relates to primary-phase £GUF monies. The £0.421m specifically is allocated to support the cost of the primary-phase funding formula, and to bring the 'excess' cost of this down so that this is equivalent with the secondary-phase.

f) It is proposed that the remaining value of £0.939m be fully retained as a resilience reserve. £0.939m is 0.2% of the Schools Block.

6. Early Years Single Funding Formula and Pro-Forma 2023/24 (RECOMMENDATION)

Please refer to:

- Document PK (EYSFF consultation proposals)
- Document PO Appendix 5 (Early Years Pro-forma, which summarises the proposed setting base rates, the mean Deprivation & SEND rates and maintained nursery school supplement funding).
- Document PO Appendices 2a, 2b and 2c (indicative provider funding rate modelling 2023/24).

6.1 The Schools Forum is asked to support the Authority to establish the **2023/24 Early Years Block planned budget** by giving its formal feedback on the Early Years Single Funding Formula (EYSFF) the Authority proposes to be used to fund all early years providers for their delivery of the 2, 3 & 4-year-old entitlements. The Authority's proposals are set out in detail in Document PK and its Appendix 1 (EYSFF Technical Statement).

6.2 The Authority ideally would like the Schools Forum to give its formal support to these EYSFF proposals.

(BY VOTE – PRIMARY, NURSERY AND EARLY YEARS PVI REPRESENTATIVE).

6.3 In providing feedback now, the Forum is asked to note that, due to the timing of the DfE's announcements on Early Years Block funding arrangements, wider consultation with providers on our 2023/24 EYSFF has not yet begun, but will begin immediately after this Forum meeting. Our consultation will run until 6 February 2023. Final proposals, incorporating any adjustments made in response to consultation feedback, will be presented to Executive on 21 February and then, subject to the Executive's resolution, to Council on 23 February for final decision. The Forum's next scheduled meeting is not until 8 March, so this means that final decisions will be taken before the Forum has had sight of any consultation feedback and any amendments from this. The Authority will send an email to Forum Members as soon as possible after 6 February to inform them whether the final proposed EYSFF, to be presented to the Executive / Council, has changed from what was proposed in Document PK.

6.4 The Schools Forum is reminded and is asked to note:

a) Local authorities are not permitted to alter their EYSFF arrangements in year without DfE approval.

b) Deprivation and SEND rates for individual providers will be confirmed once January 2023 postcode data is used to update the Index of Multiple Deprivation 3 year rolling averages. The figures shown in Document PO Appendices 2a, 2b and 2c, and in Document PO Appendix 5, are indicative for this reason. Funding rates are also indicative because they are subject to the outcomes of the consultation.

c) With the transfer of the Teacher Pay and Pensions Grants for schools and academies into the EYSFF in 2023/24, and the proposed adoption of a Quality Supplement, all maintained schools and academies with nursery schools must now cease to add these grant allocations into their funding forecasts.

d) A series of estimates have been made in the 2023/24 Early Years Block calculations relating to both income and to the cost of the entitlements (the number of hours to be delivered across the coming year). By necessity, this approach requires end of year reconciliation and may require carry-over of either an under or an over spend into 2024/25.

e) In previous years, we have established our EYSFF rates of funding incorporating the benefit that comes from our DSG Early Years Block being funded for a greater number of 3&4-year-old entitlement hours than providers actually deliver across the 3 terms. We removed this benefit from our calculations within our 2021/22 and 2022/23 financial year planned budgets. As explained in paragraph 2.2, cautiously, we have assumed that some benefit continues / has returned in the 2023/24 Early Years Block planned budget that is presented to this meeting.

f) There is no specific unallocated contingency fund held within the 2023/24 Early Years Block planned budget.

g) We propose in 2023/24 to use a proportion of the Disability Access Fund (DAF) balance that has accrued to help manage the cost of our Early Years Inclusion Fund (EYIF), which is increasing due to a larger number of claims. In practical terms, this means using an estimated £0.120m of the DAF surplus balance to cover the cost of 2023/24 DAF allocations.

h) As shown in the Pro-Forma (Document PO Appendix 5), 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 12% 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) rates.

i) The Local Authority is now working to move schools and academies onto the Provider Headcount Portal for summer term 2023, using this Portal to collect entitlement delivery information (rather than using DfE termly census downloads). PVI providers already use the Portal. The Authority has begun to communicate with schools and academies on this transition.

7. Primary and Secondary Formula Funding and Pro-Forma 2023/24 (RECOMMENDED)

Please refer to Document PO Appendix 4 (Primary & Secondary Pro-forma) and Document PO Appendices 1a, 1b and 1c (indicative modelling).

7.1 The Schools Forum is asked to support the Authority to establish the **2023/24 Schools Block planned budget** by recommending the formula approach that the Authority proposed in our consultation, and that was reported back to the Schools Forum on 7 December 2022 (Document PC), is used to calculate core formula funding allocations for mainstream primary and secondary maintained schools and academies for the 2023/24 financial year. This approach includes the following significant elements:

a) No transfer of budget from the Schools Block to the High Needs Block.

b) Continue to fully mirror the DfE's National Funding Formula (NFF) at factor level.

c) Set the Minimum Funding Guarantee (MFG) at positive 0.5%. Within the calculation of the MFG, we continue to exclude premises factors (NNDR Business Rates, split sites and PFI) in the baselines for both 2022/23 and 2023/24, so that we can continue to closely mirror the way the MFG is calculated within the National Funding Formula.

d) Continue to use our existing local formula approach for the funding of split sites, as this is not yet covered by the National Funding Formula.

e) Continue to pass through the specific BSF DSG affordability gap values using our current method, continuing the adjustment to ensure that the amounts passed on to academies by the ESFA on an academic year basis are equivalent to the amounts that the Authority requires academies to pay back on a financial year basis. Please see 7.2 below.

f) Continue to fund NNDR (Business Rates) at actual cost, with the cost currently estimated within the planned budget.

g) Amend our definition of Notional SEND budgets for mainstream schools and academies, to bring this definition more in line with the national picture and to improve fairness.

h) Retain, with their existing criteria and methodologies, the funds currently managed centrally within the Schools Block – Growth Fund, Falling Rolls Fund, De-delegated Funds.

7.2 The Schools Forum is asked to agree (to recommend) the value of the **DSG's total contribution to the Building Schools for the Future (BSF) Affordability Gap** for 2023/24, which is £8.920m; split £8.003m Schools Block and £0.917m High Needs Block. These figures incorporate an 11.2% increase on 2022/23 for the RPIX. This represents a net increase (allowing for adjustments relating to the apportionment for academies) of £1.159m in cash budget terms on the 2022/23 cost. This contribution will be split between relevant schools and academies on the same % basis as in 2022/23 (based on the school's unitary charge value). For Secondary schools and academies, this contribution is expressed as a formula factor. For Special schools and academies, this contribution is managed as a central item within the High Needs Block.

7.3 As shown in Document PL, the proposed Schools Block planned budget exceeds the 2023/24 DSG Schools Block settlement by £1.787m. The £1.787m is made up of:

- £0.748m overspend in the primary phase formula (this figure is shown in section X of Document PL).
- £0.392m overspend in the secondary phase formula (this figure is shown in section X of Document PL).
- £0.397m increased spending on NNDR (Business Rates) for maintained primary and secondary schools, prior to our Schools Block funding reimbursing in 2024/25.
- £0.303m overspend in cross phase premises factors (the difference between our DSG funding for premises factors and our proposed spend on premises factors).
- £0.053m underspend in cross phase Growth Fund (the difference between our DSG funding for growth and our estimated proposed spend on growth from the 2023/24 planned budget).

In material terms however, the true overspend is £1.390m, because the £0.397m NNDR overspend will be reimbursed in 2024/25.

As in our discussions concerning the 2022/23 planned budget, we have alerted the Schools Forum, and we explained in our autumn consultation for 2023/24, that the affordability of our proposal to continue to fully mirror the DfE's National Funding Formula, with a 0.5% Minimum Funding Guarantee, will depend upon how the dataset taken from the October 2022 Census varies from the October 2021 Census dataset. We have explained how there is an annual lag in pupil circumstances data, between school-level and DSG-level funding, meaning that, if there are significant changes, such as a significant increase in Free School Meals %s in schools and academies, we may not be able to fully afford our formula proposals. We set out in our consultation how we might approach this situation, was it to be present. We explained options, that ranged from using balances brought forward (where the value of over spend was relatively small in the context of the size of the Schools Block) to pro-rata reducing all formula factors to bring the cost of the formula back in line with our available DSG Schools Block funding.

Prior to 2022/23, annual 'data lag' was not really ever a significant issue for us, and certainly not the extent that it caused significant Schools Block affordability issues. However, there appears now to be more 'turbulence' in pupil circumstances data. In 2022/23, the net cost of our formula funding increased by £0.948m when calculated using the October 2021 Census dataset (vs. the 2020 dataset). The main driver of this increase was an increase in the numbers of pupils recorded as eligible for Free School Meals, which we assessed to be a consequence of the COVID-19 pandemic. We managed this £0.948m additional cost within the Schools Block by using Growth Fund headroom, combined with brought forward balances. We did not adjust from our original proposed funding formula.

Document PO Appendix 1d now presents a summary of the changes in costs in 2023/24 by formula factor, when the October 2022 Census dataset is used (rather than the October 2021 Census dataset). This summary evidences that the October 2022 Census dataset has quite significantly altered (and increased in total) the cost of our funding formula in 2023/24. Our cost has increased by £1.074m, with a greater value of cost change in the primary phase (£0.647m) than in the secondary phase £0.427m). This will be additional funding that is allocated to mainstream primary and secondary schools and academies, in response to the changes in the pupil circumstances data that have been recorded for pupils on roll in October 2022.

Whilst we are concerned about the impact of data lag, for a second year, and whilst we would have preferred not to rely on this value of reserves again to manage this position, on balance, we are of the view that the most sensible, defendable and reasonable approach to take now, as we did in 2022/23, is to use a proportion of the Schools Block brought forward balance to implement our proposals in 2023/24, without alteration. This means that we would fully mirror the National Funding Formula. This will support maximising the funds that are allocated now to schools and academies, who are currently facing financially challenging circumstances. This is what the Authority proposes, and the Schools Forum is asked to support this approach.

Within this proposal for 2023/24, we allocate the remaining £0.421m of primary-phase £GUF monies. The allocation of this to the primary-phase formula brings the overspend in this element of the Schools Block down from £0.748m to £0.326m. £0.326m is broadly equivalent to the £0.392m overspend in the secondary-phase. So, to be absolutely clear with the Schools Forum here – as a result of our proposals, the primary-phase £GUF monies, that have been held within brought forward balances over the last couple of years, will have been fully spent. The Schools Forum is asked to support this approach.

The Schools Forum is asked to note however, that the proposed / preferred approach in 2023/24 does further reduce the value of the reserve balance that we hold within the Schools Block and, as such, were we to face a similar issue in 2024/25 (e.g. a £1m cost of 'data lag'), we might not be able to avoid making formula funding adjustments for affordability reasons. One of the considerations, however, in the favour of using reserves, is that we are only 2-3 more years away from the National Funding Formula, at which point we will not have to locally manage the cost of Schools Block formula funding.

7.4 The Schools Forum is asked to give its final **approval to the Pro-Forma for the 2023/24 financial year**, using the draft pro-forma at Document PO Appendix 4 as a guide.

(RECOMMENDATION BY VOTE – PRIMARY AND ACADEMY; BY VOTE SECONDARY AND ACADEMY).

7.5 The Schools Forum is reminded and is asked to note:

a) The cost of NNDR (business rates) shown in the Pro-forma is based on estimated figures. The Authority's initial cost estimate for 2023/24 will be subject to changes during the year (with a final reconciliation of actual costs taking place early in 2024).

b) In moving to using the National Funding Formula at local individual primary and secondary school level, the Schools Forum wished to more closely monitor the actual spending of the Schools Block by phase against the funding received within the Schools Block by phase i.e. phase ring-fencing within the Schools Block. An updated calculation of the position for 2023/24 is shown in section X of Document PL. Forum Members are reminded that premises-related costs and Growth Fund and Falling Rolls Fund costs are funded on a cross-phase basis so are not included in this calculation.

c) There is no unallocated contingency fund held within the 2023/24 Schools Block planned budget.

d) On the basis of the modelling presented to this meeting, the formula funding landscape in Bradford in 2023/24 is as follows:

- Primary phase: 44 out of 156 schools (28%), including academies, are funded on the Minimum Funding Guarantee. 27 schools (17%), including academies, are funded at the £4,405 minimum per pupil level. All other schools and academies are funded above £4,405 per pupil.

- Secondary phase: 4 out of 31 schools (13%), including academies, are funded on the Minimum Funding Guarantee. 1 academy (3%) is funded at the £5,715 minimum per pupil level. All other schools and academies are funded above £5,715 per pupil.

- All through academies: None of the 4 academies are funded on the Minimum Funding Guarantee. All of these academies are also funded above their composite minimum per pupil funding levels.

- In total, 48 out of 191 schools and academies (25%) are funded on the Minimum Funding Guarantee. This is reduced from 73 (38%) in 2022/23. In total, 31 out of 191 schools and academies (16%) are funded on the minimum per pupil funding levels. This is reduced from 36 (19%) in 2022/23.