

Report of the Director of Finance to the meeting of the Executive to be held on 21 February 2023 and Council to be held on 23 February 2023.

AV

Subject:

Allocation of the Schools Budget 2023/24 Financial Year

Summary statement:

The report seeks Executive approval of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) for 2023/24 and subsequent recommendation to Full Council.

EQUALITY & DIVERSITY:

The Schools Budget proposed for 2023/24 is put forward to retain a significant amount of continuity on current practice, Dedicated Schools Grant distribution and formula funding policy and methodology. In addition to the summarised equalities impact assessment, which is presented at Appendix 1, a fuller assessment of our formula funding proposals was included in each of the consultation documents that were published in the autumn (please see the links to these in the background documents section of this report).

Chris Kinsella
Director of Finance

Portfolio: Leader of Council

Report Contact: Andrew Redding
Phone: (01274) 432678
E-mail: andrew.redding@bradford.gov.uk

Overview & Scrutiny Area: Corporate

1. SUMMARY

- 1.1 This report informs the Executive of the allocation of the Dedicated Schools Grant (DSG) and the proposed Schools Budget for the 2023/24 financial year. The proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 11 January 2023.
- 1.2 The Schools Budget is part of the overall budget proposal for the Council, which includes:
 - The recommended Capital Investment Plan (Document AW)
 - The Revenue Estimates (Document AU)
- 1.3 This report is submitted to enable the Executive to make recommendations to Council, on the setting of the budget and the Council Tax for 2023/24, as required by Article 4 of the Council's Constitution.

2. BACKGROUND

- 2.1 Under national Regulations, every local authority is required to operate a Schools Forum. The Schools Forum is a decision making and consultative body dealing with the Dedicated Schools Grant and the Schools Budget. The Forum acts as a consultative body on some issues and a decision making body on others.

The Forum acts in a consultative role for:

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

The Forum's decision making powers include:

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

One of the primary functions of the Schools Forum is to recommend to the Local

Authority how the funding, which the Government provides for maintained schools and academies and for individual pupils through the Dedicated Schools Grant (DSG), is managed.

- 2.2 Following the Government's 'National Funding Formula' reforms, which began at April 2018, the Dedicated Schools Grant (DSG) in 2023/24 continues to be constructed in four blocks – Schools Block, High Needs Block, Early Years Block, and Central Schools Services Block - with each block having a 'National Formula' basis. The movement to National Funding Formula is accompanied by transitional arrangements, and all four DSG blocks continue to include protections. However, as in 2022/23, these arrangements have been adjusted by the Government's 2023/24 settlement, which was confirmed on 16 December 2023.

As a result of the additional £2bn for the national schools budget, that was announced by the Chancellor within the 17 November 2022 Autumn statement:

- a) A new grant has been introduced for the 2023/24 financial year for primary and secondary mainstream schools and academies, known as the 'Mainstream Schools Additional Grant (MSAG)'. The MSAG is non-ring-fenced funding, additional to the Dedicated Schools Grant, that is allocated directly to schools and academies to support costs, including energy costs. The Government's energy costs protection scheme, that has been in place for schools and academies during 2022/23, will reduce in scale from the end of March 2023. It is estimated that Bradford will receive £17m through the MSAG in 2023/24, and, on average (nationally), MSAG is worth an additional 3.4% in funding per pupil.
 - b) An additional £400m of High Needs Block funding has been allocated to local authorities. Bradford's share is £4.76m. This is allocated into our High Needs Block, mostly for us to use according to local circumstances and pressures. An additional Condition of Grant however, has been established, the purpose of which is to require authorities to pass through to Special Schools, Special School Academies, PRUs and Alternative Provision Academies an additional 3.4% in funding per place. Incorporating the additional £4.76m, Bradford's High Needs Block has increased by £11.70m (11.1%) in cash budget terms on 2022/23. As a consequence of this, as well as of the surplus balance that is forecasted to be retained within the High Needs Block at 31 March 2023, it is not proposed to transfer monies out of the Schools Block in support of high needs pressures in 2023/24.
- 2.3 Regarding the High Needs Block, the proposed 2023/24 budget that is set out in this report continues to incorporate our responses to the growth in the needs of children and young people. Bradford District has experienced a significant increase in demand for Special Educational Needs and Disabilities (SEND) provision. For example, the total number of Education, Health and Care Plans (EHCPs) for 0-25 year olds across the Bradford District was recorded as 5,452 in November 2022. This has increased from 4,915 in November 2021 (+11%). Requests for EHCP assessments have risen from 813, between October 2019 and October 2020, to 1,322, between September 2021 and September 2022. Despite these increases, our overall proportion of children and young people with EHCPs (3.6%), recorded at January 2022, remains lower than the national average (4.0%). This is suggestive that there is still more growth in our EHCPs to come, and with the potential for our

future annual growth rate to be higher than national averages.

The Local Authority has created a significant number of additional specialist places across the District in response to the continuing growth in the numbers of children and young people requiring specialist provision. The planned budget for 2023/24 incorporates revenue funding for the continued development of specialist SEND places. Our forecast indicates that we need to develop an additional 100 to 120 specialist places in both the 2022/23 and 2023/24 academic years. Going forward, the Authority has also applied to the DfE for a special school free school, and is currently waiting to hear whether we have been successful.

- 2.4 We propose to allocate £6.998m of the £35.665m DSG reserves to the 2023/24 planned budget. £4.200m of this within the High Needs Block. Bradford's Dedicated Schools Grant account is not forecasted to be cumulatively in deficit at either 31 March 2023 or 31 March 2024. Our forecast does currently identify however, that there is clear risk of a cumulative deficit building within our High Needs Block by the end of the 2025/26 financial year, as a result of recurrent structural in-year over spending. The risk of cumulative deficit by the end of the 2026/27 financial year is then high. Continued substantial growth in spending in four areas – specialist places, independent and non-maintained placements, children and young people with EHCPs in mainstream schools and academies, students with EHCPs in post-16 provision – mostly explains the downturn in our forecasted High Needs Block position. Whilst our forecast contains many estimates, and uncertainties, it identifies at this time that mitigating action will be needed in order to prevent the accrual of a deficit balance. This will be a piece of work that the Authority will discuss with the Schools Forum during 2023. In forecasting future year spending, we are conscious of four uncertainties, in particular, that may substantially alter (increase, as well as decrease) the pressure on our High Needs Block. These require close monitoring:

- a) Whether we are successful in our bid for a Special School Free School.
- b) The outcomes of the current national reviews on SEND, EHCP and Alternative Provision systems and funding (the SEND Green Paper that was published in March 2022). It is likely that national changes will alter the cost base that our High Needs Block will need to manage.
- c) The rate of continuing growth in the number of children and young people with EHCPs in Bradford, including the number that will require specialist provisions, as well as high cost independent provisions, in the context of wider demographic changes. We are currently experiencing significant growth in these numbers, but for how long will growth (at this rate) continue?
- d) Whether the annual increases in High Needs Block funding allocated by the DfE will keep pace with increasing costs.

- 2.5 Regarding the Schools Block, the Government has re-affirmed its intention to implement a 'hard' National Funding Formula for mainstream primary and secondary maintained schools and academies. Further transition has been directed for 2023/24. The DfE's stated aim is for the National Funding Formula to be fully implemented by 2027/28, at the latest. Although local responsibility is expected to be retained for the High Needs Block, Early Years Block and Central Schools Services Block, at the

point the National Funding Formula is implemented, mainstream Schools Block primary and secondary funding formula is expected to be calculated nationally and only 'pass ported' by the Authority to schools. However, the Authority continues in 2023/24 to have responsibility for deciding all formula funding arrangements locally, within tight regulations.

- 2.6 Given this direction of travel, a key decision for all authorities recently has been whether to adopt locally the Government's National Funding Formula for the allocation of the Schools Block to mainstream primary and secondary maintained schools and academies. Council took this decision at April 2018 and the Schools Block recommendations for 2023/24 are put forward to ensure that we continue to fully mirror the Government's National Funding Formula as this annually incrementally develops.

The Government's 2023/24 Schools Block primary and secondary mainstream National Funding Formula (NFF) provides for a 'headline' increase in funding per pupil nationally of 1.9%, before the new Mainstream Schools Additional Grant is allocated directly to schools / academies. By comparison, the headline per pupil increase in the NFF in 2022/23 was 3.0%, before the allocation of the Schools Supplementary Grant. The 1.9% in 2023/24 is not allocated equally across factors, and is weighted towards additional educational needs. For example, the base funding per pupil factor for all schools / academies has increased by 2.4%, whereas the deprivation factors have increased by 4.3%. This weights the 2023/24 settlement towards local authorities, and towards schools and academies, with higher levels of deprivation. The primary-phase mean average change in formula funding per pupil in Bradford in 2023/24 is positive 2.1%. The secondary-phase mean average change is positive 2.3%. The all-through academy mean average change is positive 3.0%. These averages are higher than the 'headline' of 1.9%.

As in previous years however, maintained primary and secondary schools and academies will not uniformly receive the same percentage increases in per pupil funding. Increases will depend on levels of deprivation, but also on changes in pupil circumstances data, in pupil numbers, and significantly on the school's / academy's relationships to both the Minimum Funding Guarantee (MFG) and to the Government's mandatory minimum per pupil funding levels (MFL):

- a) The Minimum Funding Guarantee (MFG) for primary and secondary maintained schools and academies is proposed to be set at positive 0.5% in 2023/24, meaning all schools / academies will receive a minimum 0.5% increase in per pupil funding, using the DfE's prescribed methodology. 0.5% is the maximum MFG that is permitted by the Regulations.
- b) A significant element of the Government's National Funding Formula for mainstream primary and secondary maintained schools and academies is the requirement that all primary maintained schools and academies receive a minimum of £4,405, and all secondary maintained schools and academies a minimum of £5,715, per pupil. These minimums (MFL) for both phases have been increased by 0.5% on the equivalent minimums that were in place in 2022/23.
- c) 41% of Bradford's schools and academies will be funded on either the MFG or the MFL; 45% of the primary-phase and 16% of the secondary-phase.

Increases in cash allocations (rather than in per pupil values) of formula funding, for individual maintained schools and academies, will be affected by changes in the numbers of pupils recorded on roll at October 2022, compared with October 2021. The number of pupils recorded in mainstream secondary-phase maintained schools and academies continues to increase, with 436 (+1.2%) more pupils recorded at October 2022. This is the continuation of the school population bulge, which began some time ago in the primary-phase. As a result of more recent demographic trends, the number of pupils recorded in mainstream primary-phase maintained schools and academies continues to reduce, with 465 (-0.9%) fewer pupils recorded at October 2022. This reduction is forecasted to continue in the medium term and, as a result, formula funding levels in the primary-phase are also forecasted to continue to reduce. Pupil numbers in the secondary-phase are forecasted to flatten, before then beginning to reduce in future years.

- 2.7 In recent years, the increases that have been allocated to the Early Years Block by the Government's national settlements have generally been low, and lower than the settlements received for primary and secondary maintained schools and academies. The most recent 2022/23 settlement however, was improved - Bradford's rate of funding from Government for the 3&4-year-old entitlements was increased by + 3.62% and our rate of funding for the 2-year-old entitlement was increased by + 3.92%.

However, Bradford's Early Years Block settlement for the 2023/24 financial year is again low. Bradford's rate of funding for the 3&4-year-old entitlements is increased from £4.86 to £5.05 per hour. Although this represents an increase of + 3.91% (+ £0.19), £0.14 of this increase relates purely to the transfer of the school-led Teacher Pay and Pensions Grants into the Early Years Block, which is not 'new money' into the District. Adjusting for this, our equivalent funding rate has increased by only 1.03%. Bradford's rate of funding from the DfE for the 2-year-old entitlement is increased from £5.57 to £5.63 per hour, which represents an increase of only + 1.08%. This 1% settlement comes at a time when costs for providers – especially pay and energy costs - have significantly increased. This 1% settlement immediately restricts the flexibility that the Authority has to increase our provider funding rates to respond to cost pressures. As such, we anticipate that the 2023/24 settlement will produce a very challenging financial environment for early years' providers in Bradford.

The financial issues for our Early Years Block, that were created by the 2017 national reforms, are also still present. In addition, the DfE published a consultation in July 2022, which principally focused on the national distribution of Early Years Block funding. The DfE explained that the underlying data that forms the basis of the current distribution between local authorities has not been updated for some time. The DfE proposed, and has subsequently agreed, to correct this. Updating the data produces swings in funding levels. The DfE is managing this by using 'floors and ceilings'; with a floor of 1% (meaning that no local authority's funding rates, both for the 2-year-old entitlement as well as for the 3&4-year-old entitlement, will increase by lower than 1% in 2023/24). Bradford's settlement is on this 1% floor.

A matter of uncertainty for the Early Years Block has been the settlement for maintained nursery schools. Bradford receives a discrete sum (a 'supplement'),

which is used to protect our seven nursery schools at 'historic' funding levels. Without this supplement, these schools would each lose in the region of a third of their funding, meaning that they are unlikely to remain viable in their current forms. The DfE has confirmed the continuation of this supplement for the 2023/24 and 2024/25 financial years, which is a positive step. The DfE has also stated that it remains committed to supporting nursery schools going forward.

For important wider context, in relation to overall sector financial pressures, as outlined in paragraph 2.6 for the primary-phase, demographic trends are reducing the numbers of early years children across the District. As a result, the total value of funding that will be allocated to early years entitlement providers is expected to continue to reduce in 2023/24.

- 2.8 Reports to Council on the Schools Budget, that were presented prior to the 2020/21 financial year, recurrently highlighted the extent to which increases in DSG funding were assessed to be insufficient to match growth in costs, especially in salaries, leading to maintained schools, academies and other providers being required to deliver structural budget savings. The increases in DSG funding that were provided by the 2020/21, 2021/22 and 2022/23 settlements however, were substantially improved, and the messages that we highlighted in the Schools Budget reports to Council over this period changed to reflect this.

There is consolidated, as well as further, improvement in the 2023/24 DSG school funding settlement, as amended by the 17 November 2022 Autumn Statement. To summarise the main features of this improvement for Bradford:

- Whilst only increasing by 0.5% in 2023/24, mainstream primary and secondary maintained schools and academies, that are now funded on the DfE's mandatory minimums (MFL), have seen significant growth in their funding levels since 2019/20, which has now been consolidated.
- The vast majority of mainstream secondary schools and academies, and more than 70% of mainstream primary schools and academies, are funded in 2023/24 above the Minimum Funding Guarantee. The Schools Block National Funding Formula in 2023/24 has been weighted towards additional educational needs factors, and the Bradford District overall has benefited from this. The increases in per pupil funding for our primary-phase range between the MFG / MFL and 6.2% and, for our secondary-phase, between the MFG / MFL and 4.2%. Following the collection of updated pupil circumstances data, funding for individual schools and academies has responded again to increases in Free Schools Meals numbers, meaning that more funding is allocated in 2023/24 in support of this pupil-led need. Pupil Premium Grant allocations will also increase in response to this, and the DfE is increasing Pupil Premium Grant factor values by 5.0%.
- The additional funding from the Schools Supplementary Grant, which was allocated in 2022/23, has been added as a permanent on-going funding stream within the Schools Block National Funding Formula and within the High Needs Block. This is despite the cessation of the National Insurance Social Care / NHS Levy, which the Supplementary Grant was introduced in part to support. Mainstream primary and secondary maintained schools and academies will also now receive the Mainstream Schools Additional Grant (MSAG), which on average

will be worth an extra 3.4% per pupil in 2023/24. The Government's energy cost protection scheme, though reducing in scale and scope, is continuing, and some schools will continue to benefit from this.

- The COVID-19 pandemic grants – the Recovery Premium and the National Tutoring Programme – continue for the 2022/23 and 2023/24 academic years (though the subsidy of the cost of tutoring provided by the grants is reduced).
- Bradford has received in 2023/24 a fourth year of significant High Needs Block cash budget increase. Through our Banded Model, we are proposing to continue to increase the value of top-up funding that is allocated to schools, academies and providers in support of Education Health and Care Plans (EHCPs). Under our proposals, the funding received by special schools and special school academies will exceed the requirements of the DfE's 3% Minimum Funding Guarantee. The uplifts in 2023/24 should be viewed in the context of the very significant increases that have been applied in 2020/21, 2021/22 and in 2022/23. The uplifts should also be viewed in the context of the Authority's prioritisation of the expansion of specialist places capacity (securing appropriate provision for high needs pupils) and of meeting the cost of the growth in the numbers of children and young people in Bradford with EHCPs. As a result of the DfE's new Condition of Grant, Special Schools, Special School Academies, PRUs and Alternative Provision Academies will receive + 3.4% in funding per place from the High Needs Block in 2023/24, in addition to place-element and top-up funding increases.
- The historic higher funding levels of maintained nursery schools are secured for 2023/24 via the DfE's continuation of the Maintained Nursery School Supplement within the Early Years Block. Our proposals for the Early Years Single Funding Formula mean that the former school-led Teacher Pension Grant continues to be allocated to schools and academies.

However, the scale of the growth in costs that schools, academies and other providers, including early years providers, in Bradford are absorbing – from inflation and from pay – has created a very challenging financial environment, which is expected to continue in 2023/24. The health of the budgets of individual schools, academies, and other providers will be additionally affected by variable factors. In terms of general, as well as specific variable, pressure points for Bradford in 2023/24, we highlight that:

- The Government's Early Years Block settlement for Bradford, at 1% in 2023/24, will mean that our Early Years Single Funding Formula will not keep pace on a like-for-like basis with the salaries increases, and increases in the prices of goods and services, that early years providers will need to continue to meet in 2023/24. In particular, the National Living Wage is increasing by 9.7% at April 2023. A further specific point to highlight is that early years providers will not receive the Government's Mainstream Schools Additional Grant.
- Mainstream primary and secondary schools and academies, that are funded on either the Minimum Funding Guarantee or the Minimum Funding Level, will see only a 0.5% increase in their core formula funding per pupil, prior to the addition of the Mainstream Schools Additional Grant. This level of increase is very unlikely to keep pace with the salaries, and other inflationary cost, increases that these

schools and academies will need to meet in 2023/24.

- Locally, all education budgets will still be required to fully absorb the impact of pay awards, incorporating the teacher pay award, the officer (NJC) pay award, the increase in the National Living Wage and employer contributions to staff pension costs. Salaries increases in 2023/24 will need to be met, in addition to education budgets having already absorbed a higher than planned for, and higher than DfE initially recommended (as affordable), teacher pay award at September 2022, and a substantial officer (NJC) pay award at April 2022. National decisions on pay awards to come will have a direct impact on the health of education budgets in 2023/24.
- Whilst mainstream primary and secondary schools and academies will receive the Mainstream Schools Additional Grant, this Grant is allocated at the same time that the Government's energy costs protection scheme will reduce in scale and scope. It is likely therefore, for many schools, that the MSAG may simply replace existing energy cost support, rather than the MSAG representing new funding to support growing pressures within school and academy budgets.
- Demographic trends are reducing the numbers of early years children and primary-phase pupils across the District. The cash funding that some primary schools, primary academies and early years providers receive will reduce, which will require structural spending adjustments, at the same time as increased costs are absorbed.
- The COVID-19 pandemic continues to have implications for the budgets of schools, academies and other providers, especially because of additional expenditure that is being incurred, including in support of education recovery as well as absence cover. Feedback to the Authority has indicated that early years providers generally now hold lower levels of business reserves than they did pre-pandemic. The reserves that are held by maintained schools, on current forecasts, are also expected to have substantially reduced during 2022/23, in particular as a result of the 2022 pay awards.
- Schools, academies and other providers, in their management of their delegated funds, continue to need to take prudent decisions understanding that there is uncertainty for the near-future. This includes uncertainty regarding funding increases from April 2024, pay awards in 2023/24, and the financial implications of the major national SEND and Alternative Provision reviews.

2.9 In summary, Bradford has received in 2023/24, compared against 2022/23:

- An additional £25.01m within the Schools Block (+ 5.2%). Of this increase, £13.90m relates to the transfer of the Schools Supplementary Grant into the Schools Block, leaving £11.11m, which is actually new funding. The majority of this growth comes from the increase provided by the National Funding Formula-led settlement. £0.89m comes from the increase (RPIX) in PFI (Building Schools for the Future) funding.

- An additional £11.70m within the High Needs Block (+ 11.1%). £6.94m comes from the Government's uplift of its National Funding Formula. £4.76m comes from the additional funding that has been allocated following the 17 November Autumn Statement.
- An additional £1.63m within the Early Years Block (+ 3.90%). Of this increase however, £1.11m relates to the transfer of the former Teacher Pay and Pensions Grants into the Early Years Block, which is not new funding. This leaves £0.52m, which is actually new. This growth in funding is estimated on the entitlement numbers that are used by the DfE in 2022/23. Actual cash growth will be affected by changes in our entitlement delivery that will be recorded during 2023/24. Our estimate of the Early Years Block includes the continuation of the Maintained Nursery School Supplement, at £1.23m.
- An additional £0.03m within the Central Schools Services Block (+ 0.8%). This increase comes from the Government's uplift of its National Funding Formula, which is partially offset by the reduction in funding for our historic commitments.

2.10 The total estimated value of Dedicated Schools Grant (DSG) available for distribution in 2023/24 is £708.868m, which includes a forecasted cumulative value of under-spend (one off carry forward balance / reserve) up to 31 March 2023 of £35.665m (5%). The recommended distribution of this Schools Budget is summarised in this table:

Description	Early Years Block £m	Schools Block £m	High Needs Block £m	Central Schools Services Block £m	Total DSG £m
Estimated DSG available 2023/24	£43.371	£509.390	£116.884	£3.559	£673.203
Estimated DSG B'fwd from 2022/23	£4.211	£5.343	£25.830	£0.281	£35.665
Total Estimated DSG (Schools Budget) 2023/24	£47.582	£514.732	£142.714	£3.840	£708.868
Delegated to Schools / Providers	£42.103	£507.842	£108.163	£0.000	£658.108
Non-Delegated Items	£1.268	£1.547	£8.721	£3.559	£15.095
Allocation of One Off	£0.957	£1.787	£4.200	£0.054	£6.998
Total Funding Allocated	£44.328	£511.177	£121.084	£3.612	£680.202
Difference (C'Fwd)	£3.254	£3.556	£21.630	£0.227	£28.667

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

2.11 Elected Members are asked to consider and to approve the 2023/24 Schools Budget, as proposed in this report. This proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 11 January 2023.

Should Elected Members wish to propose amendments to this Schools Budget then representation must be made back to the Schools Forum.

3. SCHOOLS FORUM DECISIONS & RECOMMENDATIONS ON THE ALLOCATION OF THE SCHOOLS BUDGET 2023/24

(£000)

Total Estimated DSG (Schools Budget) Available 2023/24 **£673,203**

3.1 The Schools Block **£509,390**

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

For 2023/24, the Schools Block is calculated on National Funding Formula-based primary and secondary per pupil values x October 2022 census pupil numbers, plus additional defined cash allocations. Bradford's primary phase amount per pupil (£app) is £4,929 (+4.80% on 2022/23); our secondary phase £app is £6,551 (+5.49% on 2022/23). These values have been derived by the DfE through the amalgamation of the allocations that individual maintained schools and academies in Bradford would receive via the National Funding Formula and following the application of minimum floors. The 2023/24 values include the transfer of the Schools Supplementary Grant into the Schools Block. Additional cash allocations total £13.70m, for Business Rates (£3.74m), Split Sites (£0.43m), PFI (£7.71m) and Pupil Numbers Growth (£1.82m).

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

3.2 The High Needs Block **£116,884**

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

High Needs Block allocations are calculated via National Funding Formula under

transitional arrangements. Bradford receives £4,661 for pupils in special schools and special school academies (including independent special schools), plus 50% of the value of our High Needs Block actual spending as it was in 2017/18, plus an allocation using the National Funding Formula, which is based on population, deprivation and other needs-led data. The Authority then also receives an allocation of £2.19m for Education in Hospital and home tuition (medical needs) provision and £0.25m in respect of the former Teacher Pension Grant that is allocated to alternative provisions. Finally, an adjustment is made to recognise the cross border movement of children between authority areas.

In addition to the High Needs Block settlement, which was previously announced in summer 2022, the DfE has uplifted Bradford's 2023/24 High Needs Block allocation by a further £4.76m, following the Chancellor's 17 November 2022 Autumn Statement. Incorporating this £4.76m, Bradford's High Needs Block has increased by £11.70m (11.1%) in cash budget terms on 2022/23.

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

(£000)

3.3 The Early Years Block £43,371

This Block funds delegated allocations, and a smaller value of funds held centrally, relating to the delivery of the entitlements to early years education for eligible 2, 3 and 4 year olds in maintained nursery schools, primary maintained schools and academies with nursery classes, and Private, Voluntary and Independent (PVI) settings. The value of this Block is estimated and will be finalised on the number of eligible children that are recorded in the January 2023 and January 2024 censuses x £4,798 per FTE (£5.05 per hour; + 3.91% on 2022/23) for children aged 3 & 4 and £5,349 per FTE (£5.63 per hour; + 1.08% on 2022/23) for children aged 2. The figure of £4,798 for children aged 3 & 4 includes the transferred Teacher Pay and Pensions Grant monies, which were previously allocated via separate grant arrangements.

Estimated figures of £0.437m and £0.288m are included for the Early Years Pupil Premium and for the Disability Access Fund. In addition, an estimated £1.232m is currently included for the DfE's Maintained Nursery School Supplement.

3.4 The Central Schools Services Block £3,559

The Central Schools Services Block was established at April 2018, when a number of items previously funded via 'top-slice' within the Schools Block were transferred to this Block and given a formula basis. These included Pupil Admissions and Local Authority statutory duties that are held in respect of all state funded schools and academies and that were previously funded through the now ceased Education Services Grant.

The 2023/24 allocation is calculated on a National Funding Formula. Bradford receives £38.03 per pupil (+2.23% on 2022/23) x October 2022 census numbers

recorded in primary and secondary maintained schools and academies, plus a lump sum of £0.180m relating to the value of 'historic commitments' spend we recorded in 2017/18. This additional £0.180m has been reduced from the £0.225m funded in 2022/23 and is set to be fully phased out by the DfE over time.

3.5 **Estimated DSG Balance Brought Forward from 2021/22** **£35,665**

Final DSG allocations are not confirmed by the DfE until later in the financial year and the Authority's proposals are based on estimates of expenditure, especially within the High Needs and Early Years Blocks. These estimates are reconciled at the end of each year and differences are added to the DSG in the next year's planned budget. Decisions taken in previous years have already committed a proportion of the sum estimated to be carried forward from 2022/23.

The table in paragraph 2.10 separates the total estimated carry forward balance into the four DSG blocks. This follows our local informal 'block earmarking' approach to the management of DSG balances, which has been agreed with the Schools Forum. For formal (external) purposes however, a single DSG carry forward figure is recorded. DSG balances are not ring-fenced by the Regulations and can be used cross-block.

4. **ALLOCATION TO DELEGATED BUDGETS** **(£000)**

Total Allocated to School / Provider Delegated Budgets **£658,108**

Broken down as follows:

4.1 **Early Years Providers via Single Funding Formula** **£42,103**

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

- Maintained Nursery Schools 3 / 4 year old universal and extended entitlements, incorporating the estimated Maintained Nursery School supplement £3.559m.
- Nursery Classes in Maintained Primary Provisions 3 / 4 year old universal and extended entitlements £5.662m.
- PVI Providers (including academies) 3 / 4 year old universal and extended entitlements £25.122m.
- The entitlement for the 40% most deprived 2 year olds £7.510m.
- Early Years SEND Inclusion for 2 Year Olds £0.100m.
- Early Years SEND Inclusion for 3&4 Year Olds £0.550m.
- Early Years Pupil Premium £0.437m.
- Disability Access Fund £0.120m.
- Adjustment for the planned spending of balance brought forward (minus) £0.957m.

Due to the timing of the DfE's announcements on early years funding for 2023/24, which did not take place until 16 December, the Authority completed on 6 February a consultation on our Early Years Single Funding Formula (EYSFF) proposals. At its meeting on 11 January, the Schools Forum gave its full formal support to the Authority's proposals, subject to the wider outcomes of our consultation. 2 responses to this consultation were received; both these supported the Authority's proposals (either strongly or 'on balance'), whilst making some comments about the insufficiency of the increase in provider funding rates in 2023/24 in relation to the scale of the increasing costs faced by providers.

The Authority therefore, following the School Forum's support, recommends that the Early Years Single Funding Formula (EYSFF) that was set out in the Authority's consultation is used to calculate budget shares for all providers delivering entitlement provision for 2 and 3 & 4 year olds in 2023/24. A summary of Bradford's recommended EYSFF is attached at Appendix 4. In headline:

- For the delivery of the 2-year-old entitlement, providers will continue to be funded on a single flat rate per child per hour with no additional supplements. This rate was £5.55 in 2022/23. Bradford's rate of funding for 2-year-olds in 2023/24, from the DfE at Early Years Block level, has been uplifted by £0.06 to £5.63 per hour. We will set our rate of funding for providers at £5.61 per child per hour. This fully passes the DfE's £0.06 uplift onto providers.
- Regarding the 3 & 4-year-old entitlement:

The Universal Base Rate (UBR) for providers in 2023/24 will be £4.46 per child per hour. This is an uplift of £0.07 on the £4.39 that was funded in 2022/23. This uplift fully passes through to providers, via the Universal Base Rate, the DfE's uplift at Early Years Block level (the £0.05 out of the £0.19 uplift, excluding the £0.14 transfer of the school-led Teacher Pay and Pensions Grants), plus a further £0.02 per hour uplift, which is taken from the element of the grants transfer that relates to the school-led Teacher Pay Grant (not the Teacher Pensions Grant).

We will take the previously identified and planned second step, of the three steps in total, to reduce our spending on our Deprivation & SEND Supplement. The first step was taken in 2020/21, reducing our spending from 9.50% to 8.00%. The second step in 2023/24 will reduce spending from 8.00% to 7.00%. The third step will be further reviewed and discussed for 2024/25 arrangements. We previously indicated that we are minded to propose a reduction from 7.00% to 6.00%, to bring us in line with the average of our statistical neighbour local authorities, and we are very likely to propose this in our 2024/25 EYSFF arrangements. We set out the rationale and impact of this change in our consultation document, that was published in autumn 2019. The 'second step' was proposed at this time, in outline, to be enacted in 2021/22, but was postponed over the COVID-19 pandemic period. We now propose to enact this in 2023/24. In the context of our benchmarking, showing our significantly higher spending level, the primary purpose of the reduction in % spending is to enable us to sustain Universal Base Rate (UBR) funding. If we do not reduce Deprivation & SEND Supplement spending, we will not be able to afford the UBRs (for both the 2-year-old and the 3&4-year-old entitlements) that we propose. The proposal is put forward to be progressed at this time also because we already calculate that we will need to

earmark a substantial value of Early Years Block reserve, in order to secure the 2023/24 EYSFF. This proposal does not affect the funding of maintained nursery schools. These schools will continue to have their 'historic' Deprivation & SEND Supplement rates protected, as expected by the DfE and using the specific Maintained Nursery School Supplement.

We will introduce a new Supplement, for the primary immediate purpose of replicating as closely, but as simply, as possible the Teacher Pension Grant funding stream, that has previously been received by maintained primary schools and primary academies that deliver the 3&4-year-old entitlement, and that has now been transferred into the EYSFF. This is a proposal for 2023/24 only at this time, pending further review for 2024/25.

- Regarding the funding of the 3&4 year old entitlements in Maintained Nursery Schools, the protected setting base rate will be £6.08 per hour. This is the 2022/23 protected £5.98, uplifted by 1.60% in line with the uplift that is applied to the 3&4 year old Universal Base Rate for other providers. The Deprivation and SEND supplement rates for each maintained nursery school are protected at their 2022/23 values, plus 1.60%. The existing elements of the lump sum sustainability supplement will continue to be calculated using the 2022/23 methodology, but with the values of the protection factors uplifted by 1.60%. We then propose that an additional new fixed value lump sum is added into the Maintained Nursery School Sustainability Lump Sum Factor for each nursery school, to continue to allocate (to protect and to closely, but simply, replicate) their former Teacher Pay and Pensions Grants allocations.
- Our existing SEND Inclusion Fund will continue to be used to allocate additional monies to early years providers to support their meeting the needs of eligible children identified with low level emerging SEND.
- We will continue to allocate Disability Access Fund (DAF), at an enhanced value of £1,200 per child, (above the DfE's prescribed £828 minimum), using a proportion of balance brought forward in support of the cost of this enhancement, if this is required.

96.7% of our 2022/23 3&4 year old entitlement funding will be passed-through to providers. Our Early Years Block planned budget complies with the DfE's statutory restrictions for the funding of 3&4 year old hours delivery concerning a) the minimum 95% pass-through and b) the maximum 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 levels.

(£000)

4.2 Primary and Secondary Schools and Academies

£507.842

Primary Phase £263.932m.

Secondary Phase £243.910m.

The Schools Forum has recommended to:

- Use the formula outlined in Appendix 2 to calculate delegated budget shares for mainstream primary and secondary maintained schools and academies. This formula has been agreed following consultation with schools and academies in autumn 2022. We submitted the final version of the required Pro-forma on 20 January 2023, and this is subject to final validation by the Education & Skills Funding Agency.

- Continue to fully mirror the Government's National Funding Formula, meaning that we:

Amend our minimum levels of per pupil funding to match the mandatory values of £4,405 primary and £5,715 secondary. These minimums have increased on 2022/23 by 0.50%, prior to the transfer in of the Schools Supplementary Grant).

Amend our local formula to mirror the Government's 2023/24 National Funding Formula values for existing factors. The values of these factors have broadly increased between 2.1% and 4.7% on 2022/23, prior to the transfer of the Schools Supplementary Grant.

- Set the Minimum Funding Guarantee at the maximum permitted + 0.50%.
- Continue to use our existing local formula for the funding of maintained schools and academies that operate across split sites, as this will not be covered by the DfE's National Funding Formula until 2024/25. Continue to pass through the specific PFI (Building Schools for the Future) DSG affordability gap values, using our current method. Continue to fund business rates at actual cost, with this cost currently estimated.
- 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.
- Retain, with their existing criteria and methodologies, the additional funds that are initially managed centrally within the Schools Block (with some then released to eligible schools / academies during the year) – Growth Fund, Falling Rolls Fund (primary phase only), De-delegated Funds (maintained schools only).

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

(£000)

4.3 Special Schools and Special School Academies

£39,814

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

meeting the needs of children and young people from their delegated budgets.

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

The 2023/24 planned budget of £39.814m is calculated on 1,540 places on a full year 2023/24 academic year basis across 8 special schools / academies.

The Council introduced at April 2020 a new Banded Model for the funding of top-up for Education Health and Care Plans (EHCPs). This Banded Model, uplifted as set out in Appendix 3 for 2023/24, is proposed to continue to be used to allocate top-up funding for pupils with EHCPs placed in special schools and in special academies.

The 2023/24 planned budget includes a sum of £0.240m, which is planned to be allocated to special schools / special school academies to enable them to support inclusion in mainstream settings.

The 2023/24 planned budget also includes a sum of £1.392m, which is to be allocated specifically in response to the new DSG Condition, which require local authorities to pass through to Special Schools, Special School Academies, PRUs and Alternative Provision Academies an additional + 3.4% in funding per place.

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

(£000)

4.4 Pupil Referral Units (PRUs) & Alternative Providers

£4,067

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

The 2023/24 planned budget makes provision in total for 160 places on a full year basis to be available for turn-around provision for pupils permanently excluded. We propose to continue to calculate top-up for this provision using the Day Rate Model, which was first introduced at April 2020. The rate of funding allocated by the Day Rate Model is proposed to increase in 2023/24 by 1.73%.

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

4.5 School-Led SEND Resourced Provisions (Primary & Secondary)

£6,097

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

The planned budget of £6.097m is calculated on 361 places across 23 provisions for the 2023/24 academic year.

School-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 3.

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

(£000)

4.6 Authority-Led SEND Resourced Provisions (Primary & Secondary) £6,274

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

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

The planned budget of £6.274m is calculated on 272 places in total for the 2023/24 academic year, with 100 places attached to the 4 established sensory provisions and 172 places attached to 9 recently developed / newly developing SEND provisions.

Authority-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 3.

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

4.7 Pupils with EHCPs in Mainstream Schools, Academies and PVI £18,754

Top-up funding is delegated to mainstream maintained schools / academies and early years PVI providers for pupils with Education Health and Care Plans (EHCPs). The Banded Model, as set out in Appendix 3, is proposed to apply to the calculation of this top-up for 2023/24. The planned budget of £18.754m incorporates a forecasted net 15% increase in cost as a result of the continued growth in the numbers of EHCPs that are anticipated to be placed in mainstream maintained schools / academies and PVI providers during 2023/24.

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

The planned budget of £18.754m incorporates the SEND Funding Floor, which is a factor that ensures a minimum level of funding for SEND provision in primary and secondary maintained schools and academies. The Floor is aimed at ensuring that no mainstream primary or secondary school / academy will have to manage from their own formula funding an above phase-average cost pressure in respect of their commitment to fund the first £6,000 of cost for their pupils with EHCPs. As well as supporting provision for pupils with EHCPs, the Floor is aimed at protecting the funding used by schools / academies to support their wider AEN (Additional Educational Needs), SEND and AP (Alternative Provision) activities. It directly financially supports schools / academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools / academies that may have lower levels of AEN formula funding and that may be smaller in size. It also supports schools / academies that may have some turbulence in formula funding as a result of in year pupil numbers changes.

We introduced our SEND Funding Floor in 2021/22. At that time, the Floor was put forward as a trial, for one year only, and being subject to further review, including in the light of the outcomes of the DfE's national SEND Review. We now propose to continue this Floor arrangement for the 2023/24 financial year, April 2023 to March 2024, but again pending review for 2024/25. However, as we proposed in our autumn 2022 consultation, we have adjusted (increased – from median plus + 1% to median + 3%) the thresholds that are used to calculate this Floor.

(£000)

4.8 **Post-16 Further Education / Special Post 16 Institutions (SPIs)** **£9,008**

Places for high needs students at post-16 are funded at £6,000. For top-up funding, Further Education providers and SPIs are funded for the vast majority of their Post-16 high needs students at 60% of the values prescribed by the Banded Model, as set out in Appendix 3. The main exception is students with the primary need of sensory impairment, where funding is calculated on an actual cost basis.

The planned budget of £9.008m is calculated on 488 places commissioned by the Authority in the 3 main Bradford-located Further Education Colleges for the 2023/24 academic year, plus provision for the estimated cost of top-up allocations to all Post 16 provisions and for the cost of potential growth in places during the year.

Please note that the place funding for the 3 FE colleges is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

4.9 Early Years Resourced Provisions **£1,650**

Early years resourced provisions are attached to 6 maintained nursery schools and will continue to be funded via the Place-Plus framework. The Banded Model set out in Appendix 3 applies to the calculation of top-up from April 2023.

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

The planned budget of £1.650m is calculated on an allocation of 78 FTE places for the 2023/24 academic year.

(£000)

4.10 Placements in Out of Authority & Independent Settings **£21,750**

The cost of placements of pupils with EHCPs in out of authority and in independent settings is calculated on an actuals basis, with this total cost appropriately shared between the DSG (education), health and social care. The funding of independent providers currently sits outside the national Place-Plus framework. The number and cost of placements commissioned by the Authority has continued to increase due to demand and pupil population growth. The planned budget of £21,750m is calculated estimating that the cost in 2023/24 will continue to grow at current rates.

4.11 Provision for the Creation of Additional SEND Places **£3,409**

The planned budget includes £3.409m, which is revenue provision to support the creation of a further specialist SEND places. Given the projected continued growth in demand, the Authority will continue to seek to create SEND places on an on-going basis and will make revenue budget provision for this from the High Needs Block.

4.12 Former Teacher Pay and Pensions Grants **£1,540**

We were required in 2021/22 to add into our formula funding arrangements for specialist settings the allocation of the Teacher Pay Grant (TPG) and the Teacher Pension Grant (TPEG), in response to these grants being transferred into the High Needs Block. Prior to this, these grants were allocated to providers separately and in addition to place-plus funding.

We propose to continue to allocate these monies in 2023/24, as we have done in 2022/23, on a place-led basis. Unlike main place-element funding however, the Authority will continue to allocate these monies to academies as well as to maintained schools and to PRUs.

4.13 Allocation of High Needs Block balance to Overspend **- £4,200**

The 2023/24 High Needs Block planned budget, as proposed, overspends the

2023/24 High Needs Block income by £4.200m. It is not possible to apportion this overspending to the individual delegated expenditure lines that are listed in paragraphs 4.3 to 4.12, and so is shown here as a single sum.

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

Total Allocated to non-delegated Budgets £15,095

Broken down as follows:

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

5.1 Schools Block non-delegated budgets £1,547

A total of £1.547m is recommended to be held within the Schools Block for the following purposes. Please note that some of the monies below that are initially retained will actually be delegated to schools and academies during 2023/24.

- £0.947m for items de-delegated from maintained mainstream primary and secondary schools. De-delegated funds continue in line with 2022/23.
- £0.600m of provision for new growth (pupil numbers expansions in secondary maintained schools and academies) at September 2023. The cost of growth, in both the primary and secondary phases, will be supported by the balance that will be brought forward from 2022/23. Please see section 7.
- £0.000m for the Falling Rolls Fund for the primary phase, to support eligible primary schools and primary academies, rated Good or Outstanding by Ofsted, that are managing 'blips' in pupil numbers, where their surplus capacity is forecasted to be filled within 3 years. Any cost of the Falling Rolls Fund in 2023/24 will 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. Please see section 7.

5.2 High Needs Block non-delegated budgets £8,721

A total of £8.271m is recommended to be held centrally within the High Needs Block for the following purposes:

- £5.715m for Local Authority centrally managed SEND teaching support services.
- £1.583m for the Authority's statutory home tuition and education in hospital alternative provision for children and young people not able to access school for medical reasons.
- £0.917m for the DSG's contribution to the Affordability Gap for Building Schools for the Future for special schools.
- £0.506m of smaller budgets, including copyright licences for special schools and PRUs, speech and language therapy services and specialist equipment.

(£000)

5.3 Early Years Block non-delegated budgets £1,268

A total of £1.268m is recommended to be held centrally within the Early Years Block for the following purposes:

- £0.582m for the Early Years Block's contribution to early years high needs support services, including the Area SENCOs function that is managed by the Local Authority in respect of Private, Voluntary and Independent early years providers.
- £0.530m to support the cost of the Local Authority's capacity that is available to support the delivery of the Authority's early years function and entitlement arrangements, focusing, in particular, on communication, provider sustainability, quality, compliance and on the processes that are required for the effective delivery of the Early Years Single Funding Formula, in support of parents and providers.
- £0.119m to continue maintained nursery school access to relevant agreed 'de-delegated' funds.
- £0.037m continuing charge for copyright licences.

96.7% of our 2023/24 3&4 year old entitlement funding will be passed-through to providers in 2023/24, based on current estimates of entitlement delivery.

5.4 Central Schools Services Block £3,559

The £3.559m is recommended to be allocated as follows:

- £0.012m Schools Forum costs.
- £0.987m Pupil Admissions.
- £1.506m Statutory Duties delivered by the Authority on behalf of all state funded schools, including academies.

- £0.406m Copyright Licences Schools Block, on behalf of primary and secondary maintained schools and academies.
- £0.500m Education Access Officers.
- £0.148m to support the Local Authority's statutory education services planning (places planning) and consultation function.

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

Total allocated on a one off basis in 2023/24 £6,998

The £6.998m is made up of the following 4 recommended allocations:

- High Needs Block: £4.200m, which is to be allocated into the 2023/24 High Needs Block planned budget in order to fully afford the expenditure that we estimate we will incur in supporting high needs children and young people, including the cost of our proposed delegated funding models, placements and the creation of new specialist places. £0.920m of balance is allocated specifically to the Authority's 'inclusion investment plan', which was discussed with the Schools Forum in July 2022 and the impact of which will be reviewed in summer 2023, prior to further commitments being made.
- Schools Block: £1.787m, which is to be allocated into the 2023/24 Schools Block planned budget in order to afford our proposed mainstream primary and secondary funding formula, as set out in Appendix 2.
- Early Years Block: £0.957m, which is earmarked to support the estimated cost of our Early Years Single Funding Formula (EYSFF) in 2023/24, as set out in Appendix 4.
- Central Schools Services Block (CSSB): £0.054m, which is allocated to support the full cost of CSSB expenditure, including retaining the allocation to the Local Authority, in support of the statutory duties that the Authority delivers on behalf of all state funded schools, at the 2022/23 value of £1.559m.

7. AMOUNT NOT ALLOCATED IN 2023/24 (£000)

Total amount not allocated in 2023/24 £28,667

The £28.667m of balance forecasted to be retained at the planned budget stage / carried forward into 2023/24 is made up of the following sums.

Schools Block £3.556m:

- £1.320m of Growth Fund balance, which is ring-fenced to support additional costs of pupil numbers growth in 2023/24 and on-going. The Authority also recognises 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 DfE National Funding Formula consultation. Retaining

a surplus balance into 2024/25 will help therefore, given that there are uncertainties currently about how growth will be funded. 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.

- £0.500m retained as the ring-fenced balance for the primary-phase Falling Rolls Fund. Whilst a report on the position of this fund (on allocations to schools and academies in 2022/23) will be presented to the Schools Forum in March 2023, we anticipate that there won't be any allocations. The £0.500m balance therefore, is expected to be held in support of the cost of potential allocations to be agreed in 2023/24, as no new budget for this fund has been taken from the 2023/24 Schools Block.
- £0.797m of balance ring-fenced to de-delegated funds for maintained schools. An amount of this balance (estimated £0.100m) is earmarked to be released in 2023/24 to support the cost of contribution to the maternity / paternity insurance scheme. A further £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.
- £0.939m resilience reserve. This sum is effectively the remaining unallocated balance within the Schools Block.

Early Years Block £3.254m:

- £0.072m of balance ring-fenced to de-delegated funds for maintained nursery schools.
- £0.621m retained and earmarked for the Disability Access Fund (DAF). The Authority proposes to continue to enhance the value of the DAF allocation paid per child in 2023/24, paid at £1,200, which is above the £828 minimum that is set by the DfE. A proportion of the balance will be used in support of the cost of this enhancement, if this is required.
- £2.561m 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.

High Needs Block £21.630m:

- Our updated DSG Management Plan, which was presented to the Schools Forum on 11 January (in Document PP – please see background documents), included 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.

- 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 DfE's 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.

Central Schools Services Block £0.227m:

- £0.227m is retained in support of Central Schools Services Block expenditure in future years.

8. FINANCIAL & RESOURCE APPRAISAL

This appraisal is given throughout this report. The table provided in paragraph 2.10 demonstrates that a balanced Schools Budget for 2023/24, with the strategic use of DSG reserves, is put forward for the Council's approval.

9. RISK MANAGEMENT AND GOVERNANCE ISSUES

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

10. LEGAL APPRAISAL

The School Standards and Framework Act 1998 deals with the financing of maintained schools. Section 47(A) of the Act requires that every local authority must, in accordance with regulations, establish for their area a body to be known as a schools forum. The purpose of a schools forum is to advise the local authority on such matters relating to the authority's schools budget as may be prescribed by regulations. Local authorities must have regard to advice given by schools forum and

or consult them on certain matters before taking prescribed decisions.

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

The School and Early Years Finance (England) Regulations 2023 are made under Chapter 4 of Part 2 of the School Standards and Framework Act 1998. These Regulations provide instruction on how local authorities are to set their education budgets in the 2023/24 financial year. They set the parameters that local authorities must abide by in determining schools' budgets, and the budgets, which are allowed to be retained centrally. They also set out how local authorities are to allocate funding to maintained schools and private, voluntary and independent providers of free early years provision through locally determined funding formulae. The Department for Education makes these Regulations annually; the 2023 Regulations will apply only to budgets for the 2023/24 financial year.

The Accounts and Audit (England) Regulations 2015 incorporate a requirement for a note to the statement of accounts confirming the deployment of the Dedicated Schools Grant in support of the schools budget..

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

The core basic structure of the schools national funding formula has not changed for 2023/2024. The National Funding Formula for schools and high needs 2023/24 contains some formula and technical changes, which are highlighted in the body of the Report. The Government has announced the intention to implement a direct schools NFF in the future (by the 2027/28 financial year at the latest), whereby mainstream primary and secondary schools will receive what they attract through the national formula, rather than through different local authority funding formulae. Local authorities will be required to bring their own formulae closer to schools NFF from 2023 to 2024 . However, for 2023/24, local authorities will continue to determine schools' budget share allocations at a local level through a local funding formula.

11. OTHER IMPLICATIONS

11.1 SUSTAINABILITY IMPLICATIONS

There are no direct implications resulting from this report.

11.2 GREENHOUSE GAS EMISSIONS IMPACTS

There are no direct implications resulting from this report.

11.3 COMMUNITY SAFETY IMPLICATIONS

There are no direct implications resulting from this report.

11.4 HUMAN RIGHTS ACT

There are no direct implications resulting from this report.

11.5 TRADE UNION

There are no direct implications resulting from this report.

11.6 WARD IMPLICATIONS

There are no direct implications resulting from this report.

11.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

This appraisal is given in the equalities impact assessment at Appendix 1 and throughout the report.

11.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

There are no issues resulting from this report.

12. NOT FOR PUBLICATION DOCUMENTS

None.

13. OPTIONS

Please see the recommendations below.

14. RECOMMENDATIONS

14.1 It is recommended that the Executive asks Council to:

- a) Accept and approve the proposals for the allocation of the 2023/24 Dedicated Schools Grant, as set out in this report.**
- b) Approve the total amount of £708.868m to be appropriated in respect of all schools covered by the Bradford Scheme for the Local Management of Schools, so as to establish the Individual Schools Budget for 2023/24.**

15. APPENDICES

- Appendix 1 – Equalities Impact Assessment.
- Appendix 2 – Local Authority Funding Reform Pro-Forma 2023/24 (Schools Block).
- Appendix 3 – Banded Model for EHCP Top-Up Funding (High Needs Block).
- Appendix 4 – Early Years Single Funding Formula 2023/24 (Early Years Block).

16. BACKGROUND DOCUMENTS

- [Decisions List of the Schools Forum meeting 11 January 2023](#) (link to webpage)
- [Consultation on the High Needs Funding Model 2023/24](#) (link to webpage)
- [Consultation on the Early Years Single Funding Formula 2023/24](#) (link to webpage)
- [Consultation on Schools Block Funding Arrangements 2023/24](#) (link to webpage)
- [SEND Places Sufficiency Report](#) (Document PH within 7 December Schools Forum reports)
- [High Needs Block DSG Management Plan](#) (Document PP within the 11 January Schools Forum reports)
- Section 151 Officer's Report – Executive 21 February 2023

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

Schools Block

We assess that our proposals for 2023/24 will have a positive impact on equalities. The arrangements proposed for 2023/24 financial year retain a significant amount of continuity on current practice, Dedicated Schools Grant distribution and formula funding policy and methodology. At its centre, the Local Authority has previously determined, and continues to propose, to exactly mirror the DfE's National Funding Formula (NFF) for the calculation of mainstream primary and secondary maintained school and academy delegated allocations in Bradford. As such, our equalities impact assessment of our guiding Schools Block formula funding policy for 2023/24 is neutral (representing no change on current positive practice) and continues to align with the DfE's in respect of its [National Formula Funding policy](#) and its already identified positive impact on the funding of children and young people that share protected characteristics. Behind the guiding NFF mirroring policy, the values of all formula funding factors are proposed to be uplifted in 2023/24. These uplifts are assessed to have a positive impact on the funding of all pupils. These uplifts will have a positive impact on the funding of children and young people that share protected characteristics related to disability (SEND) and race (ethnicity), for which schools and academies receive additional funding through the Additional Educational Needs (AEN) formula factors that use measures that correlate with these protected characteristics. Funding allocated through the AEN formula factors, based on the October 2022 data, is increased. This includes an additional £0.62m allocated through the Free School Meals (FSM) factors as a result of the increase in FSM numbers compared with the numbers recorded at October 2021.

In setting the School's Budget for 2023/24, Council is asked to approve that the Minimum Funding Guarantee (MFG) for primary and secondary maintained schools and academies is set at positive 0.5%, which is the maximum permitted by the Regulations. The purpose and consequence of this proposal is to uplift the funding of maintained schools and academies that remain on the MFG. 25% of schools / academies are on this in 2023/24. This is to ensure that funding is available to these schools / academies to use in support of all pupils, including those that share protected characteristics. 75% of schools / academies remain funded above the MFG.

The Minimum Levels of Per Pupil Funding (MFLs) are also increasing by 0.5%. This is a mandatory uplift, not for local determination. The DfE has assessed that this uplift will have a positive impact on equalities.

We assess that incrementally amending our definition of Notional SEND budgets within mainstream primary and secondary formula funding allocations, as encouraged by the DfE and to bring us more in line with the common national picture in the lead up to the hard National Funding Formula, continues to support schools and academies to make effective provision for pupils with additional educational needs and with Special Educational Needs and Disabilities. It is important to stress however, that the adjustment of the Notional SEND definition does not materially change the value of formula funding that an individual school or academy receives.

High Needs Block

We assess that our high needs funding proposals for 2023/24 will have a positive impact on equalities. The arrangements proposed for the 2023/24 financial year retain a significant amount of continuity on current practice, Dedicated Schools Grant High Needs Block distribution and formula funding policy and methodology. As such, our equalities impact assessment of our guiding High Needs Block formula funding policy for 2023/24 is neutral (representing no change on current positive practice).

Council is asked to approve the continued application of the EHCP Banded Model, which was first introduced at April 2020. The impact of this model, on the funding of schools, academies and on other providers for all children and young people with EHCPs, is assessed to continue to be entirely positive. The Banded Model continues to improve the way schools and providers in Bradford are funded for children and young people with SEND with EHCPs. Although it cannot be evidenced at this stage that our change in funding model at April 2020 has directly advanced equality of opportunity for children and young people that share a protected characteristic, it is expected that this model will support this. Council is asked to approve further uplift in 2023/24 of the values of top-up funding allocated by the EHCP Banded Model, as well as by the Day Rate Model for PRUs / Alternative Provision Academies. This means that the funding of all high needs children and young people, who are supported by these models, will increase on current values. A minimum 1% increase in all top-up funding rates (when place-element / Element 2 funding is included) is higher than the floor increase of 0.5% that the DfE has funded for mainstream schools and academies through the Schools Block settlement. Under our proposals, the funding received by special schools and special school academies will exceed (by 2.25%) the requirements of the DfE's 3% Minimum Funding Guarantee. The proposed uplifts in 2023/24 should be viewed in the context of the very significant increases that have been applied to these models in 2020/21, 2021/22 and in 2022/23. The uplifts should also be viewed in the context of the Authority's prioritisation of the increase in High Needs Block funding in 2023/24, towards the further expansion of specialist places capacity (securing appropriate provision for high needs pupils) and of meeting the cost of the growth in the numbers of children and young people in Bradford with EHCPs via the allocation of additional top-up funding.

Council is asked to approve the continuation of the SEND Funding Floor, which was first introduced for 2021/22. As well as continuing to support provision for pupils with EHCPs, this approach will continue to protect the funding used by mainstream schools and academies to support their wider Additional Educational Needs (AEN), SEND and Alternative Provision (AP) activities. The Floor financially supports mainstream schools and academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools and academies that may have lower levels of AEN formula funding and that may be smaller in size. It supports schools and academies that may have some turbulence in formula funding as a result of in year pupil numbers changes. The impact of the Floor is assessed to continue to be entirely positive. Whilst we are proposing an amendment to the Floor in 2023/24, to increase the thresholds, the level of funding that the Floor will allocate in 2023/24 will continue to be substantially higher than was allocated prior to the amendment of our Floor at April 2021. It will still represent a substantial SEND funding support mechanism for the mainstream sector.

Early Years Block

We assess that our proposals for 2023/24 will have a neutral to positive impact on equalities. This is because the arrangements proposed for the 2023/24 financial year retain a

significant amount of continuity on current positive practice.

We propose to fully pass through to providers delivering the 2, 3&4-year-old entitlements, via the respective Universal Base Rates, the 1% uplift in Early Years Block funding that the Authority has been allocated by the DfE for 2023/24. These uplifts continue to support all providers in their delivery of the entitlements. Maximising the uplifts of the Universal Base Rates annually for all providers supports universal good quality provision for all children.

We propose, via a Teacher Pensions Employers' Contribution Supplement, to replicate the substantial Teacher Pensions Grant monies that have been allocated to maintained primary schools and academies with nursery classes, following the DfE's transfer of this Grant into the Early Years Block. This will help ensure that funding for schools and academies remains stable, in support of their provisions, whilst also enabling other providers, who may already (or may choose) to employ a qualified teacher in their direct delivery of the 3&4-year-old early years entitlement, to access additional funding to support this cost.

We propose to continue the protection of maintained nursery schools, with this protection being funded using the specific supplement within the Early Years Block. We propose to add to this protection in 2023/24 the former Teacher Pay and Pensions Grant funding streams for maintained nursery schools, via a new fixed lump sum approach within the Maintained Nursery School Lump Sum Sustainability Factor. As the numbers of children with SEND and from more deprived backgrounds is typically higher in the maintained nursery schools sector, this protection continues to support provision for these children.

The Early Years Pupil Premium (EYPP), as well as the Disability Access Fund (DAF) and Early Years Inclusion Funds (EYIF), will continue to complement the Early Years Single Funding Formula and will provide additional funds to support children with SEND, as these have done in 2022/23. The proposal to increase Disability Access Funding, from £1,000 to £1,200 for eligible children, is put forward with the aim of continuing to support providers in Bradford to meet the needs of eligible children with SEND.

We do now propose to take the previously identified and planned 'second step' (of three steps in total) to reduce our spending on our Deprivation & SEND Supplement down to the average spending level of our statistical neighbours. The first step was taken in 2020/21, reducing our spending from 9.50% to 8.00%. The proposed second step in 2023/24 will reduce spending from 8.00% to 7.00%. This 'second step' was initially proposed in outline to be enacted in 2021/22, but was postponed over the COVID-19 pandemic period. Our current spending position is 'out of line', when we look at benchmarking, and we assess that we are not able to sustain this position within the finite resources of the Early Years Block. In this context, the primary purpose of the proposed reduction in % spending is to enable us to sustain Universal Base Rate (UBR) funding for all providers. If we do not reduce Deprivation & SEND Supplement spending, to come more in line with the average of spending in other authorities, we will not be able to afford the UBRs (for both the 2-year-old and the 3&4-year-old entitlements) that we propose in 2023/24. This would impact on the funding that all providers receive, including those in receipt of the Deprivation & SEND Supplement. This proposal does not affect the funding of maintained nursery schools. These schools will continue to have their 'historic' Deprivation & SEND Supplement rates protected (and uplifted), as expected by the DfE and using the specific Maintained Nursery School Supplement.