

SCHOOLS FORUM AGENDA ITEM

For Action

☐

For Information

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

This report provides an update on a number of matters relating to the Dedicated Schools Grant.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2023/24 DSG on 11 January 2023.

Background / Context

See the details for consideration below.

Details of the Item for Consideration**Shorter updates on a number of DSG matters**

The Executive proposed to Council, un-amended, the School Forum's recommendations on the allocation of the 2023/24 Schools Budget. These recommendations were ratified by full Council on 23 February. Detailed budget information was published for schools, academies and for early years providers, on 24 February. Initial place-element funding for high needs providers was also published on this day.

Members may wish to raise, for the Forum's attention, any feedback that they have received directly on the 2023/24 DSG recommendations and / or on the budget and funding information that has now been published.

The Education and Skills Funding Agency (ESFA) has formally confirmed, again un-amended, its approval of our Schools Block Pro-forma for 2023/24 (our primary and secondary mainstream funding formula and Growth Fund / Falling Rolls Fund criteria).

At the time of writing this report, we await publication of the 'improvement plan', which the DfE stated would be published early in 2023 relating to the national SEND, EHCP and Alternative Provision reviews (the March 2022 Green Paper). We anticipate that consideration of the DfE's plan (and possible further consultation) will be included on the agenda of the School Forum's meeting scheduled for the 17 May. This will be alongside initial consideration of the Authority's emerging High Needs Block deficit mitigation plan.

We currently await final confirmation of our 2023/24 High Needs Block allocation, taking account of changes in deductions for academy places and the confirmed value of the import / export adjustment. A detailed forecast of the spending position of the High Needs Block, as part of our DSG Management Plan (which was represented on 11 January), will be provided for the Schools Forum in autumn, as usual. Also, as usual, the initial reconciliation of DSG balances held at 31 March 2023 will be presented to the Forum in July, following the 2022/23 year-end closedown, and then confirmed in September, following the DfE's final determination of Early Years Block funding for 2022/23.

Within the recommendations the Forum made for the 2023/24 financial year, the Falling Rolls Fund within the Schools Block is continued for the primary phase. A report on the application of this Fund for 2022/23 is presented to this meeting, under agenda item 6. Recognising the information that is required in order to finalise allocations, it is anticipated that any proposals for Falling Rolls funding for 2023/24 will be presented to the Forum in March 2024.

As usual, it is expected that new allocations from the established Schools Block Growth Fund will be presented to the Schools Forum in October (primary-phase) and in December (secondary-phase), subject to the timing of the release of the October 2023 census data.

The Government has confirmed that the 'statutory override' (the accounting provision, which means that any DSG account deficits must be held separately from a council's main revenue account and therefore, are not required to be offset by a council's revenue account) has been extended for 3 years, up to 31 March 2026. The override had previously been set to expire at the end of the 2022/23 financial year. This provision does not materially 'mean anything' for Bradford at this time, as our DSG account is not in deficit. However, this provision will be important if our DSG account does drop into deficit over the 2023-2026 period.

Details of the Item for Consideration

DSG 2023-24 Summary

The table below was included in the report, which presented the DSG recommendations to Council. It is a useful simple summary of the 2023/24 Schools Budget.

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

Outcomes of the Early Years Block Consultation 2023/24 & Letter to the Secretary of State

On 11 January 2023, the Schools Forum gave its support to the Authority's proposals for the approach to the funding of the early years entitlements (the Early Years Single Funding Formula) for the 2023/24 financial year. The Authority met with the Early Years Working Group on 16 January. The Authority completed, on 6 February, a wider consultation. 2 responses 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.

Following the completion of the consultation, the Authority recommended to Council that the Early Years Single Funding Formula (EYSFF) that was set out in the Authority's consultation be used to calculate budget shares for all providers delivering entitlement provision for 2 and 3 & 4 year olds in 2023/24. This was agreed by Council on 23 February. The Authority expects to reconvene the EYWG soon to begin to discuss wider early years entitlement funding matters, leading into 2024/25 arrangements.

Within its discussion on the Schools Budget proposals, on 21 January, the Executive expressed its significant dissatisfaction with the 1% Early Years Block settlement that Bradford has received from Government; 1% falls well short of the high rising costs that are faced by early years providers, as well as by the Council. The Executive asked that the Schools Forum continues to closely consider and to highlight this issue. We suggest that the Chair, on behalf of the Schools Forum, writes to the Secretary of State, on this matter.

High Needs Block – Additional 3.4% Per Place allocation to Special Schools and PRUs / AP Academies

We reported on 11 January 2023 that the DfE has further increased our High Needs Block funding in 2023/24 via the allocation of £4.76m, which comes from the £2bn for the national schools budget that was announced by the Chancellor on 17 November 2022. We explained that the £4.76m is allocated into our High Needs Block, mostly for us to use according to local circumstances and pressures. An additional DSG Condition of Grant however, has been established by the DfE. The purpose of the Condition is to 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. The increase is set at 3.4%, as this is the average additional % increase in funding that mainstream primary and secondary schools and academies are receiving via the new Mainstream Schools Additional Grant (MSAG). The DfE has set the methodology that local authorities must use to allocate this additional funding to specialist settings. The methodology is slightly different for special schools / special school academies than it is for PRUs / AP academies, but the purpose is the same – to allocate 3.4% in funding per place, in addition to 'normal' core place-element and top-up funding.

Following the 11 January Schools Forum meeting, the Local Authority has consulted with the eligible settings, who have responded to agree the methodology that is being used (which is the methodology that is set out by the DfE). Allocations in total are estimated to cost £1.392m in 2023/24, funded from the High Needs Block. This cost was included within the 2023/24 DSG planned budget. The final value of allocations for each eligible setting will be confirmed once March 2023 high needs monthly funding values are available (meaning that we can confirm 2022/23 full year financial year allocations on which the 3.4% increase is to be calculated). Allocations will then be paid in April 2023 (5/12ths) and in September 2023 (7/12ths).

Details of the Item for Consideration

Uncertainty, Review and Response to Future System Change and Tighter Financial Settlements

We continue to need to plan and to review our DSG allocation and formula funding arrangements, understanding that there is significant uncertainty for the future. Document PU discusses some of the main uncertainties as these affect school and academy budget planning across 2023-2026.

Most immediately for the Schools Forum and for the Authority, in our DSG management, is the lack of confirmed insight we currently have into the shape and value of our DSG and of the National Funding Formula at April 2024. We normally begin to receive detailed information from Government on the following's years DSG arrangements in June / July, which enables us to formulate plans for consultation, which we can then discuss with schools, academies and providers early in the autumn term. We currently are not clear about the Government's timetable for announcements associated with the 2024/25 DSG. However, it is reasonable to assume that the normal timetable will likely be followed.

For 2024/25, so far:

- The DfE has stated that an 'improvement plan', relating to the national SEND, EHCP and Alternative Provision reviews (the March 2022 Green Paper), will be published early in 2023. We anticipate that these reviews ultimately will bring far-reaching changes to SEND / EHCP / Alternative Provision funding systems, which we may need to begin to respond within our 2024/25 DSG and formula funding decision making cycle. We have already identified that, at the very least in the absence of nationally directed changes, we will need to continue to incrementally assess our definition of 'notional SEND budgets', as well as our SEND Funding Floor.
- Our DSG Management Plan, which we last presented to the Schools Forum on 11 January 2023, explains how there is high risk of our High Needs Block falling into cumulative deficit by the end of the 2025/26 financial year, requiring a mitigation plan. This plan is to be developed and discussed further, but is likely to have some impact on our 2024/25 high needs formula funding arrangements.
- The DfE has stated its aim of fully introducing the hard National Funding Formula in the Schools Block by 2027/28 at the latest. We expect further direction and restriction to affect 2024/25 mainstream formula funding arrangements. Changes, in the allocation of funds for centrally managed services, and in the role of the Schools Forum, are also expected, though these are likely to be more for the longer-term.
- The timescale for bringing PFI funding into the National Funding Formula is uncertain. We have recently been approached by a MAT in the Bradford District, with this MAT highlighting the cost pressure that it currently faces in relation to PFI costs. We have contacted the ESFA, including to request further exploration of this issue in the context of the National Funding Formula development.
- We know that the DfE continues to incrementally review and adjust the Schools Block National Funding Formula, and changes in formula factors may be adopted in 2024/25. The DfE has consulted already on amending Growth Fund, Falling Rolls Fund and Split Sites funding arrangements for the 2024/25 financial year, bringing these funds under the umbrella of the National Funding Formula. Whilst we await confirmed and detailed guidance, we expect new flexibilities for the management of growth, falling rolls and 'surplus places' within Schools Block arrangements and we expect to need to review our local arrangements for the 2024/25 financial year in response.
- We have identified that we must continue to review our Early Years Single Funding Formula in 2024/25, including specifically the continuation of the new 'Quality' Supplement (the Employers Teacher Pension Contribution Supplement) and our spending on the Deprivation and SEND Supplement. We know that the protection of maintained nursery schools will continue in 2024/25. However, we currently are quite uncertain more generally about rates of Early Years Block funding, and by how much our rates from Government will increase.
- The Spending Review 2021, and the Autumn 2022 Settlement Statement update, gave an indication of the cash budget growth nationally in formula funding for schools and academies for 2024/25. As we have previously warned, we anticipate more 'modest' percentage increases in DSG and formula funding in 2024/25. This is potentially across the board – mainstream primary and secondary formula funding, early years entitlement funding, high needs funding and post-16 funding. We are also aware that the employer's contribution to teacher pensions is next to be adjusted at April 2024. Commentators currently estimate that this contribution will increase. This is an important factor to consider in the context of the anticipated more modest national DSG and formula funding settlements i.e. to what extent will increases in funding in 2024/25 simply be allocated to higher teacher pensions costs, rather than being available either to support other pressures (from inflation and pay awards) or to materially increase in real terms the spending power of schools, academies and other providers?

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

As set out in the report.

Recommendations

- (1) The Schools Forum is asked to consider and to note the information provided in the report.
- (2) That the Chair, on behalf of the Schools Forum, writes to the Secretary of State on the issue of the Early Years Block funding settlement that Bradford has received for 2023/24.

List of Supporting Appendices / Papers (where applicable)

none

Contact Officer (name, telephone number and email address)

Andrew Redding, Business Advisor (Schools)
01274 432678
andrew.redding@bradford.gov.uk