

# Report of the Director of Finance to the meeting of the Executive to be held on 18 February 2020 and Council to be held on 20 February 2020.

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**Subject:**

**Allocation of the Schools Budget 2020/21 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 2020/21 and subsequent recommendation to Full Council.

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**Portfolio: Leader of Council**

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**Overview & Scrutiny Area: Corporate**

## **1. SUMMARY**

- 1.1 This report informs the Executive of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) and setting the Schools Budget for the 2020/21 financial year.
- 1.2 The Schools Budget is part of the overall budget proposal for the Council, which includes:
- The recommended Capital Investment Plan (Document BC)
  - The Revenue Estimates (Document BA)
- 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 2020/21, 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 schools and academies (the Local Authority is responsible for the final decision but in some cases it may delegate the power to the Schools Forum).
- Proposed changes to the operation of the Minimum Funding Guarantee.
- Changes to or new contracts that are funded from the Schools Budget.
- Financial arrangements for pupils with special educational needs and disabilities, pupils in pupil referral units and in early years provisions.

The Forum is responsible for decisions on:

- How much funding is centrally retained within the Dedicated Schools Grant.
- Proposals to carry forward deficits on central spend from one year to the next.
- Proposals to de-delegate funding from maintained schools.
- Changes to the Scheme of financial management that governs maintained schools.

Therefore, one of primary functions of the Schools Forum is to recommend to the Authority how the funding, which the Government provides for schools and

individual pupils (known as the Dedicated Schools Grant (DSG)), is managed.

- 2.2 Following the Government's 'National Funding Formula' reforms, which began at April 2018, the DSG is now constructed in four blocks with each block having a 'national formula' basis. The movement to National Funding Formula is accompanied by transitional protections – capping and floors. The reduction in funding growth for Bradford as a result of the capping of the High Needs Block, in particular, has been highlighted to Council previously.

All four blocks in 2020/21 continue to include capping and floors. However, these have been adjusted by the Government's settlement, which, most significantly, means that Bradford's High Needs Block has increased by 17% per pupil (+ £11.47m) on 2019/20. This puts our High Needs Block in a stronger position. As a consequence, it is not proposed to transfer monies from the Schools Block in support of high needs pressures, whereas £2.0m was transferred in 2019/20.

- 2.3 The Government has recently re-affirmed its intention to implement a 'hard' National Funding Formula for primary and secondary schools / academies. Although local responsibility is expected to be retained for the High Needs Block, Early Years Block and Central Schools Services Block, the main Schools Block primary and secondary funding formula is expected to be calculated nationally and only 'passported' by the Authority to schools. However, the Authority continues in 2020/21 to have responsibility for deciding all formula funding arrangements locally albeit within tight regulations.

- 2.4 Given this direction of travel, a key decision for all authorities has been whether to adopt locally the Government's National Funding Formula for the allocation of DSG to primary and secondary schools / academies. Council took this decision at April 2018 and the Schools Block recommendations for 2020/21 are put forward to ensure that we continue to mirror the Government's National Funding Formula as this incrementally develops.

The Government's 2020/21 primary and secondary mainstream National Funding Formula provides broadly for an increase of 4% on 2019/20. This is substantially improved on the maximum 0.5% increase that has been provided in recent years. However, schools / academies will not uniformly receive 4%. Increases will depend on data and pupil numbers changes but also significantly on the school's / academy's relationship to both the Minimum Funding Guarantee (MFG) and the Government's new mandatory minimum funding levels. On a simple basis, increases in per pupil funding in Bradford, prior to the impact of data and pupil numbers changes, range between + 2.34% and + 7.10%.

In consultation with the Schools Forum, the Authority has received permission from the Education & Skills Funding Agency to set the Minimum Funding Guarantee (MFG) for primary and secondary schools / academies at + 2.34% in 2020/21, meaning all schools / academies will receive a minimum 2.34% increase in per pupil funding using the DfE's prescribed MFG methodology. This is 0.5% higher than the maximum MFG permitted by the normal Regulations and is funded by headroom. Permission was requested for this as the MFG is a very significant factor

in Bradford, in particular for our primary phase, where 121 out of 156 (78%) schools / academies receive funding through it. In total, including the secondary phase, 133 out of 191 (70%) schools / academies in Bradford in 2020/21 are funded on the MFG set at + 2.34%.

The most significant change in the Government's National Funding Formula for mainstream primary and secondary schools / academies in 2020/21 is the new requirement that all primary schools / academies receive a minimum of £3,750, and all secondary schools / academies a minimum of £5,000, per pupil. This begins to deliver the Government's intention to 'level up'. The funding of 25 (out of 156) primary schools / academies and 3 (out of 31) secondary schools / academies in Bradford is increased by this change. The Government has stated its intention to increase the primary phase minimum further to £4,000 in 2021/22. We estimate that 51 (out of 156) primary schools / academies in Bradford will benefit from this.

- 2.5 A matter of significant uncertainty has been the settlement for maintained nursery schools. Bradford currently receives a discrete sum to protect our 7 nursery schools at historic funding levels. Without this, these schools would each lose in the region of a third of their funding, meaning that they are unlikely to remain financially viable in their current forms. The Government has confirmed that this protection will be allocated for the full 2020/21 year and, "that the government remains committed to funding for Maintained Nursery Schools in the longer term; and that any reform to the way they are funded in future will be accompanied with funding protections."

The increases allocated by the wider national settlement for the Early Years Block for 2020/21 however, are lower than the basic settlement for primary and secondary schools / academies. Bradford's rate of funding for 3&4 year olds is increased by £0.06 per hour to £4.63 (+ 1.31%) and for 2 year olds is increased by £0.08 per hour to £5.28 (+ 1.54%).

- 2.6 The proposed allocation of the High Needs Block in Bradford continues to incorporate our response to the growth in the need of children and young people as well as the structural changes taking place in the delivery of provision. The planned budget fully allocates the additional £11.47m, incorporating a response to the following proposed changes:

- The development of new Authority-led resourced provisions in mainstream primary and secondary schools / academies.
- The additional 354 specialist places developed from 2019, which are now budgeted for on a full year basis. Part year budget for a further 100 places is also included.
- The restructuring of our PRU provision, where our High Needs Block funded PRUs going forward deliver provision for pupils permanent excluded.
- The re-alignment of responsibility between the High Needs Block and schools for the funding of alternative provision that is commissioned by schools.

- The amalgamation of Bradford's hospital education, Tracks and medical home tuition provisions into a single Authority managed service.

2.7 A [consultation](#) has recently been completed on proposals for changes to Bradford's High Needs Funding Model. In particular, this consultation set out proposals for an amended approach to the funding of schools and providers for the 'top up' for Education Health and Care Plans (EHCPs), which is now proposed that Council adopt from April 2020. This is explained in Appendix 2. This change will affect the funding allocated to schools and providers for all existing and new EHCPs in all settings. It is our intention to use this new model as the vehicle through which to release to providers in region of £5m of the additional £11.47m High Needs Block funding, recognising that top up for EHCPs in Bradford has not increased in recent years. The minimum value of increase proposed in EHCP top up in 2020/21 is 8.2%. It is important to emphasise that the way that we propose to move to the new Banded Model at April 2020 means that all existing EHCPs will see uplift and no existing EHCPs will reduce in value as a result of model change.

In addition to the new EHCP Banded Model, alongside some smaller technical changes, we propose to establish a new Day Rate Model for the funding of our Pupil Referral Units (PRUs). We also propose to amend and clarify how the cost of specialist equipment is shared between schools / providers and the Authority.

At the meeting held on 8 January 2020, the Schools Forum gave its full support to these changes. Further information on the Banded Model consultation, which closed on 4 February, and responses, is provided in Appendix 2.

2.8 The report to Council on the Schools Budget, presented this time last year, highlighted the extent to which recent increases in funding have not been sufficient to match growth in costs, especially in salaries, leading to schools and providers being required to deliver structural savings.

The increases provided by the 2020/21 DSG settlement are improved. We would highlight in particular that the primary and secondary schools / academies funded on the mandatory minimums will see significant (up to 7.10% per pupil) growth. Two thirds of secondary schools / academies will broadly see 4% per pupil. The Teacher Pay and Pensions Grants will support all schools / academies in continuing to meet a large proportion of the growth in the employer's costs of teacher salaries that has taken place across 2018 and 2019. Through our new Banded Model, we are proposing to substantially increase funding allocated to schools and providers in support of EHCPs. This will improve the position of all providers and of special schools in particular.

The extent to which this settlement will begin to reverse in Bradford the reduction in spending power seen in recent years, or to ensure that this reduction does not continue, however, will be heavily influenced by the value of the national pay award for teachers at September 2020. In addition, locally, education budgets will still be required to absorb the pay award for non-teaching staff, incorporating employer contributions to non-teaching staff pension costs and the increase in the national living wage, as well as increases in the prices of goods and services.

As set out in paragraphs 2.4 and 2.5, the budget position of individual schools, academies, and other providers is dependent on a number of factors and is not uniform. In terms of areas of possible pressure in Bradford, we would highlight:

- The settlement for three quarters of primary schools / academies, and a third of secondary school / academies, is at the level of the Minimum Funding Guarantee, which, although enhanced at + 2.34%, is lower than the 'national headline' of + 4%.
- The combined overall settlement for early years providers is lower than 2%.
- Schools and providers, in their management of their delegated funds, are continuing to need to take prudent decisions understanding that there is still significant uncertainty for the future. The position of the DSG for 2021/22, for example, is largely unknown.

2.9 In summary, Bradford has received in 2020/21 compared against 2019/20:

- An additional £17.14m within the Schools Block (+ 4.05%). £11.98m comes from the Government's broad 4% uplift of its National Funding Formula alongside its commitment to allocate an increased minimum level of per pupil funding. £5.16m comes from the continued growth in pupil numbers in our secondary schools / academies.
- An additional £11.47m within the High Needs Block (+ 17.4%). £11.07m comes from the Government's uplift of its National Funding Formula. £0.40m comes from the growth of our special school population.
- An additional £0.48m within the Early Years Block (+ 1.10%). This is the total increase resulting from the Government's National Funding Formula uplift, net of adjustments for changing delivery numbers. The Early Years Block continues to include the specific protection for maintained nursery schools.
- No overall growth in the Central Schools Services Block, with the modest growth in per pupil funding from National Funding Formula offset by the Government's reduction of its funding of our historic commitments.

2.10 The total estimated amount of DSG available for distribution in 2020/21 is £586.602m, which includes a forecasted cumulative value of under-spend (one off carry forward balance) up to 31 March 2020 of £21.060m (3.6%). 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 2020/21 (inc. transfers)	£44.194	£437.303	£81.207	£2.838	£565.542
Estimated DSG B'fwd from 2019/20	£4.329	£5.633	£11.098	£0.000	£21.060
<b>Total Estimated DSG (Schools Budget) 2020/21</b>	<b>£48.522</b>	<b>£442.936</b>	<b>£92.305</b>	<b>£2.838</b>	<b>£586.602</b>
Delegated to Schools / Providers	£43.551	£434.644	£74.668	£0.000	£552.862
Non-Delegated Items	£0.643	£2.119	£6.539	£2.838	£12.140
Allocation of B'fwd (One Off)	£0.488	£0.427	£0.000	£0.000	£0.915
<b>Total Funding Allocated</b>	<b>£44.681</b>	<b>£437.190</b>	<b>£81.207</b>	<b>£2.838</b>	<b>£565.917</b>
<b>Difference (C'fwd)</b>	<b>£3.841</b>	<b>£5.746</b>	<b>£11.098</b>	<b>£0.000</b>	<b>£20.685</b>

*Please note due to roundings the total may not add up exactly*

2.11 Members are asked to consider and to approve the recommendations of the Schools Forum as agreed at its meeting on 8 January 2020 and as set out in this report. Should Members wish to propose amendments then representation must be made back to the Schools Forum.

### 3. **SCHOOLS FORUM RECOMMENDATIONS ON THE ALLOCATION OF THE SCHOOLS BUDGET 2020/21**

**(£000)**

**Total Estimated DSG (Schools Budget) Available 2020/21** **£586,602**

#### 3.1 **The Schools Block** **£437,303**

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

For 2020/21, the Schools Block is calculated on National Funding Formula-based primary and secondary per pupil values x October 2019 census pupil numbers, plus additional defined cash allocations. Bradford's primary amount per pupil (£app) is £4,296 (+2.88% on 2019/20); our secondary £app is £5,588 (+3.21% on 2019/20). These values have been derived by the DfE through the amalgamation of the allocations that individual schools / academies in Bradford would receive via the National Funding Formula and following the application of minimum floors.

Additional cash allocations total £14.27m, for Business Rates (£4.18m), split sites (£0.40m), PFI (£6.54m) and Pupil Numbers Growth (£3.15m).

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

**(£000)**

### **3.2 The High Needs Block £81,207**

This Block funds resources for pupils in mainstream schools with Special Educational Needs & Disabilities (with Education Health and Care Plans), delegated budgets for Special Schools, Pupil Referral Units and resourced provisions. 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 school SEND mainstream teaching support services, Education in Hospital provision and home tuition (medical needs). It also includes the cost of the placement of Bradford children in out of authority and non-maintained provisions.

High Needs Block allocations are calculated via National Funding Formula under transitional arrangements. Bradford receives £4,000 for pupils in special schools and academies (including independent special schools), plus 50% of the value of our High Needs Block spending as it was in 2017/18, plus a capped allocation under the new National Funding Formula, which is based on population, deprivation and other needs-led data. An adjustment is made to recognise the cross border movement of children between authority areas. The Authority then also receives a specific allocation of £1.79m (in 2020/21) for Education in Hospital and home tuition (medical needs) provision.

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

### **3.3 The Early Years Block £44,194**

This Block funds delegated budgets, and other funds held centrally, relating to the delivery of the entitlement to early years education for eligible 2, 3 and 4 year olds in nursery schools, primary schools / academies with nursery classes and Private, Voluntary and Independent (PVI) settings. The value of this Block is currently estimated and will be finalised on the number of eligible children recorded in the January 2020 and January 2021 censuses x £4,399 per FTE (£4.63 per hour) for children aged 3 & 4 and £5,016 per FTE (£5.28 per hour) for children aged 2.

Estimated figures of £0.454m and £0.196m are included for the Early Years Pupil Premium and the Disability Access Fund. In addition, an estimated £1.00m is included for the DfE’s Maintained Nursery School protection.



(£000)

**3.4 The Central Schools Services Block £2,838**

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 in respect of all state funded schools that were previously funded through the now ceased Education Services Grant.

The 2020/21 allocation is calculated on a National Funding Formula. Bradford receives £28.98 per pupil x October 2019 census numbers recorded in primary and secondary schools and academies, plus a lump sum of £0.35m to match 80% of the value of our 'historic commitments' spend we recorded in 2017/18. This additional £0.35m has been reduced from the full £0.44m funded in 2019/20 and is set to be fully phased by the DfE.

**3.5 Estimated DSG Balance Brought Forward from 2019/20 £21,060**

Final DSG allocations are not confirmed by the DfE until later in the financial year and the School Forum's recommendations 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. Decisions taken in previous years have already committed a proportion of the sum estimated to be carried forward from 2019/20.

The table in paragraph 2.10 separates the total estimated DSG carry forward balance into the four blocks. This follows our local informal 'block earmarking' approach to the management of DSG balances that 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 £552,862**

**Broken down as follows:**

**4.1 Early Years Providers via Single Funding Formula £43,551**

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

- Nursery Schools 3 / 4 year old universal and extended entitlement, incorporating the Maintained Nursery School protection £3.585m.

- Nursery Classes in Primary Provisions 3 / 4 year old universal and extended entitlement £14.799m.
- PVI Providers 3 / 4 year old universal and extended entitlement £15.360m.
- The entitlement for the 40% most deprived 2 year olds £8.645m.
- Early Years SEND Inclusion for 3&4 Year Olds £1.000m.
- Early Years Pupil Premium £0.454m.
- Disability Access Fund £0.196m.
- Adjustment for the spending of balance brought forward (minus) £0.488m.

The Schools Forum recommends that the Early Years Single Funding Formula (EYSFF) that was set out in the Authority's consultation, completed in December 2019, is used to calculate budget shares for all providers delivering provision for 2 and 3 & 4 year olds in 2020/21. A summary of Bradford's recommended EYSFF is attached at Appendix 4. In headline:

- Providers will be funded for the delivery of the 2 year old entitlement on a single flat rate per hour of £5.28, which fully passes onto providers the £0.08 per hour increase allocated to our Early Years Block by the Government.
- Regarding funding the 3 & 4 year old entitlement, whilst recognising that one off monies are still currently available, and will be deployed in 2020/21, we will begin to take incremental action, which is aimed at both reducing the reliance on one off monies and maximising the value of our Universal Base Rate over the medium term. To this end, we will begin to reduce the proportion of our 3 & 4 year old EYSFF that is allocated via the Deprivation & SEND supplement, with the intention to reduce this down by April 2022 to the average of our statistical neighbours, which is currently rounded at 6%. Our current proportion is 9.5%. We will reduce down to the 6% average in three steps over three years, with the proportion reduced from 9.5% to 8.0% in 2020/21, and then indicatively down to 7.0% in 2021/22 and then to 6.0% in 2022/23. We will continue to employ one off monies to set the 3 & 4 Year Old Universal Base Rate in 2020/21 at £4.19 per hour. This is an uplift of + £0.08 per hour on the £4.11 set for 2019/20 and passes through to providers more than the £0.06 increase allocated to our Early Years Block by the Government.
- Regarding the funding of the 3&4 year old entitlements in Maintained Nursery Schools, the protected base rate will be £5.78 per hour (+ £0.08 on 2019/20). The Deprivation and SEN supplement rates for each school will continue to be retained at their 2016/17 values. The sustainability supplement will continue to be calculated on existing variable values using the current methodology.
- The amended SEND Inclusion Fund that was introduced in 2019/20 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.

(£000)

#### 4.2 Primary and Secondary Schools and Academies

**£434,644**

Primary £236.927m.

Secondary £197.717m.

The Schools Forum has recommended to:

- Use the formula outlined in Appendix 1 to calculate delegated budget shares for primary and secondary schools and academies. This formula has been agreed following consultation with schools / academies in autumn 2019. We submitted the final version of the required Pro-forma on 14 January and this is subject to final validation by the Education & Skills Funding Agency.

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

Amend our minimum levels of per pupil funding to match the mandatory values of £3,750 primary and £5,000 secondary.

Amend our local formula to mirror the Government's 2020/21 National Funding Formula values for existing factors. The values of these factors have broadly increased by 4% on 2019/20.

Continue to include funding for pupil mobility with this being calculated using the Government's factor, newly introduced at April 2020.

- Set the Minimum Funding Guarantee at + 2.34%.
- Continue to use our existing local formula for the funding of schools on split sites as this is not yet covered by the National Funding Formula. Continue to pass through the specific 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.
- Continue to use our existing methodology for the definition of notional SEND budgets for mainstream primary and secondary schools and academies within the Schools Block funding formulae.
- Meet the cost of expanding places in primary and secondary schools and academies through the DSG Growth Fund with a total net cost to the planned budget of £0.433m, excluding items funded by balances brought forward or where the cost is recovered through academy recoupment.
- Continue to operate a Falling Rolls Fund for the primary phase.

(£000)

#### 4.3 **Special Schools and Special Academies** **£31,180**

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 or ranges for this element of funding.

The 2020/21 planned budget of £31.180m is calculated on the delivery of 1,465 places on a full year basis across eight special schools. This includes 175 of the additional 354 places developed from 2019.

As set out in paragraph 2.7, the Authority has recently completed a [consultation](#) on proposals for changes to Bradford's High Needs Funding Model. This consultation set out proposals for an amended approach to the funding of schools and providers for the 'top up' element for Education Health and Care Plans (EHCPs), which we now formally propose to the Council to adopt. The new EHCP Banded Model is set out in Appendix 2. The planned budget of £31.180m incorporates forecasted immediate growth in the cost of top up in special schools as a result of the new Model. An additional provision of £2.00m is set within the High Needs Block to support additional costs where existing EHCPs may be adjusted upwards by the SEND Panel following annual review, appeal or dispute. This provision is itemised separately in paragraph 4.13 as it is available to all settings.

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.

#### 4.4 **Pupil Referral Units (PRUs) & Alternative Providers** **£4,772**

Two key changes being delivered in Bradford that affect the High Needs Block are:

- The restructuring of our PRUs, where our High Needs Block funded PRUs going forward deliver turn-around provision for pupils permanent excluded.
- The re-alignment of responsibility for the funding of alternative provision that is commissioned by schools.

Our four PRUs have previously been funded via the Place-Plus framework in a similar way to our special schools. We have moved already however, to a position where commissioning schools are responsible for paying from their delegated budgets the 'top up' related to their placements (pupils without EHCPs and that are not permanently excluded). This change has related in particular to District PRU.

The Authority retains responsibility for funding from the High Needs Block provision for pupils that the Authority places (those with EHCPs and that are permanently excluded).

The re-shaping of provisions is continuing this academic year and the planned budget reflects this. It is anticipated, at September 2020, that 100 places across Park PRU (50) and Bradford Alternative Provision Academy Central (50) will be available for turn-around provision for pupils permanently excluded. These places will be fully funded by the Authority from the High Needs Block. We proposed within our [consultation](#) to calculate top up for this provision using a Day Rate Model. This is different from the main EHCP model. This proposal has been supported and we ask Council to approve this change as part of its setting of the Schools Budget.

Following the timeline already agreed with schools and the PRU, the High Needs Block's funding of District PRU will fully cease at 31 August 2020. The High Needs Block's funding of year 11 placements with independent alternative providers will also fully cease at this date.

The planned budget of £4.772m is calculated incorporating these changes. Please note that the £4.772m includes the budget to be delegated to Ellar Carr PRU. A consultation has taken place on the proposal to close Ellar Carr as a PRU and to establish an 80 place SEMH provision on its site as a satellite of Beechcliffe Special School. This consultation ended on 9 January and Executive determined the school proposal to increase the number of school places at Beechcliffe Special School on 4 February 2020.

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

**(£000)**

**4.5 Behaviour Centres (Primary Phase) £214**

The re-alignment of responsibility for the funding of alternative provision extends to the High Needs Block's budget for the four primary-phase behaviour centres. In regards to these centres, commissioning schools are already responsible for paying the top up for their placement of pupils (that do not have EHCPs and that are not permanently excluded). The High Needs Block currently funds the place element for 50 places across these centres, with around 10 used by the Authority for pupils permanently excluded where the Authority also allocates top up.

The £0.214m planned budget is calculated on the basis that the High Needs Block's funding of the behaviour centres will fully cease by 31 August 2020. It is proposed

that the centres will either continue to offer alternative provision and charge commissioning schools to recover all costs, convert to SEND resourced provisions with the agreement of the Authority, or close. The Authority's provision for pupil permanently excluded will have fully transferred by this date to the 100 places provided by the PRUs.

(£000)

**4.6 School-Led SEND Resourced Provisions (Primary & Secondary) £5,531**

School-Led SEND Resourced Provisions, formerly known as 'DSPs', are SEND provisions attached to mainstream primary and secondary schools / academies where the school / academy under SLA manages this provision and employs its staffing. Place and top up funding is fully delegated.

The planned budget of £5.531m is calculated on the delivery of 302 places in total across 22 provisions, including 4 new provisions (44 places) developed in 2019 as part of the 354 places that are now budgeted for on a full year basis.

School-Led SEND resourced provisions will continue to be funded using the Place-Plus framework. The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of top up from April 2020. The planned budget incorporates forecasted immediate growth in the cost of top up as a result of the new Model.

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.

**4.7 Authority-Led SEND Resourced Provisions (Primary & Secondary) £4,674**

The planned budget for Authority-Led SEND Resourced Provisions now incorporates both the budget for the established sensory provisions (formerly known as 'ARCs') as well as new budget for the SEND resourced provisions that were implemented in 2019 and that are proposed to expand as part of the strategy to deliver 354 additional specialist places.

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

The planned budget of £4.674m is calculated on the delivery of 235 places in total, with 100 places attached to the established sensory provisions and 135 to the developing SEND provisions. The additional 135 places, part of the 354, are now budgeted for on a full year basis.

Authority-Led SEND resourced provisions will continue to be calculated using the Place-Plus framework. The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of top up from April 2020.

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

**(£000)**

**4.8 Pupils with EHCPs in Mainstream Schools and Academies £9,245**

Top up funding is delegated to mainstream schools / academies for pupils with EHCPs. The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of this top up from April 2020. The planned budget of £9.245m incorporates forecasted immediate growth in the cost of top up as a result of the new Model. This budget also incorporates a forecasted 15% growth in the number of EHCPs across mainstream schools / academies during 2020/21.

The national high need funding system works on the basis that mainstream schools and 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, using their funding calculated on measures of additional need such as Free School Meals, IDACI and prior low attainment. Local authorities are required to define for each primary and secondary school 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 value of each school's notional SEND budget is clearly set out in the annual S251 statements Bradford Council publishes. The Schools Forum has recommended that we continue to use in 2020/21 our existing methodology for the definition of notional SEND budgets pending an expected DfE-led national holistic review.

The planned budget of £9.245m incorporates the SEND Funding Floor, which is a factor that ensures a minimum level of funding for SEND provision in primary and secondary schools / academies. The Schools Forum has recommended that SEND Floor continue to be protected at their 2017/18 financial year values pending an expected DfE-led national holistic review.

**4.9 Post 16 Further Education Providers / SPIs £4,716**

The transfer to the DSG of the full cost of Post 16 High Needs provision was completed at April 2017. Places are funded at £6,000 from the High Needs Block. For top up, Further Education providers and SPIs are currently funded for the vast majority of their Post 16 students at 60% of the Ranges Model value for the primary need of the student. The exceptions are students with the primary need of sensory impairment (hearing / visual), where funding is calculated on an actual cost basis.

The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of top up from April 2020 using existing principles. The planned budget of £4.716m incorporates forecasted immediate growth in the cost of top up as a result of the new Model. This budget is based on the funding of 351 places across 5 Bradford-located schools / colleges, including the 2 new post 16 free schools that opened at September 2019.

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

**(£000)**

**4.10 Early Years Resourced Provisions £1,038**

Early years resourced provisions are attached to maintained nursery schools and will continue to be funded via the Place-Plus framework. The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of top up from April 2020. The planned budget of £1.038m incorporates forecasted immediate growth in the cost of top up as a result of the new Model as well as the cost of the smaller proposal to add into the funding model for these settings a small setting protection factor.

The 2020/21 planned spending of £1.038m is based, as in 2019/20, on an allocation of 78 FTE places.

**4.11 Placements in Out of Authority & Independent Settings £9,840**

The cost of placements of pupils with EHCPs in out of authority and 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. The planned budget of £9.840m for 2020/21 includes provision for an estimated growth of 20% on forecasted 2019/20 spend.

**4.12 Provision for the Creation of Additional SEND Places £1,458**

The Schools Forum has recommended that part year provision of £1.458m is made within the 2020/21 planned budget to support the creation of a further 100 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.

**4.13 Additional Provision for the New Banded Model £2,000**

The Schools Forum has recommended that provision of £2.00m is made within the High Needs Block specifically to support additional top up costs that will arise where



EHCPs are adjusted upwards by the SEND Panel, after the initial 1 April 2020 novation, following annual review, appeal or dispute. This £2.00m will be available to support any higher top up costs across any settings as agreed by the SEND Panel.

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

**Total Allocated to non-delegated Budgets £12,140**

**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. The Regulations now require a greater proportion of the DSG to be delegated to schools and early years providers and also require that the Schools Forum makes recommendations for permitted centrally managed items individually and, in some cases, on a phase specific basis.

**5.1 Schools Block non-delegated budgets £2,119**

A total of £2.119m is recommended to be held within the Schools Block for the following purposes. Please note that some of the monies below that are initially held will actually be delegated to schools and academies during the year.

- £0.869m for items de-delegated from maintained mainstream primary and secondary schools. The Schools Forum recommends the continuation of de-delegation in line with 2019/20, but adjusted for the planned use of brought forward balance in support of two of these funds (primary maternity / paternity insurance and primary academy conversion deficits), meaning that the cost to schools in 2020/21 is reduced.
- £1.000m of provision for new growth (pupil numbers expansion in primary and secondary schools / academies) at September 2020. £0.800m of this is for growth in the secondary phase; £0.200m is for growth in the primary phase.
- £0.250m for a 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.

**(£000)**

**5.2 High Needs Block non-delegated budgets £6,539**

A total of £6.539m is recommended to be held centrally within the High Needs Block for the following purposes:

- £3.923m for centrally managed SEND teaching support services.

- £1.447m for the Authority's statutory home tuition and education in hospital provision for children and young people not able to access school for medical reasons. A small proportion of this budget (£0.177m) will be delegated to Tracks for the period April to August prior the full establishment of a centrally managed service at 31 August 2020.
- £0.787m for the DSG's contribution to the Affordability Gap for Building Schools for the Future for special schools.
- £0.382m of smaller budgets, including copyright licences for special schools and PRUs, speech and language therapy services and specialist equipment. We have proposed within our [consultation](#) to amend and clarify how the cost of specialist equipment is shared between schools / providers and the Local Authority, meaning especially that a) special schools will be able to access support for the cost of equipment, and b) schools / providers will be required to meet the first £1,000 of the cost of all equipment, subject to a 'reasonableness cost assessment' made by the SEND Panel.

(£000)

### 5.3 Early Years Block non-delegated budgets

**£643**

A total of £0.643m is recommended to be held centrally within the Early Years Block for the following purposes:

- £0.091m for nursery schools to access relevant agreed 'de-delegated' funds.
- £0.037m for copyright licences.
- £0.150 for the extension of the SEND Inclusion Fund to eligible 2 year olds.
- £0.365m for the Early Years Block's contribution to the cost of early years high needs support services, including portage and the pre-5 service. £0.047m of this is a full year budget for the Authority to use to enable staffing capacity to deliver the Early Years SEND Inclusion Fund.

Please note that £0.643m constitutes 1.9% of the 3 / 4 year old DSG funding allocation and therefore, complies with the DfE's 5% Early Years Block central funds restriction.

### 5.4 Central Schools Services Block

**£2,838**

The £2.838m is recommended to be allocated as follows:

- £0.010m Schools Forum costs.
- £0.615m Pupil Admissions.
- £1.426m Statutory duties delivered by the Authority on behalf of all state funded

schools including academies.

- £0.375m Copyright licences Schools Block.
- £0.412m New Communities and Travellers.

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

**Total allocated on a one off basis in 2020/21 £915**

The £0.915m is made up of the following two recommended allocations:

- Schools Block: £0.427m, which is the estimated cost of the financial support for Beckfoot Upper Heaton Academy to be allocated via the long-standing agreed model. There is one final year of support to be provided after 2020/21.
- Early Years Block: £0.488m, which is estimated for the cost of continuing to protect and uplift our EYSFF 3&4 Year Old Universal Base Rate, at a value of £4.19 per hour, whilst, as explained in paragraph 4.1, we take incremental action to reduce our reliance on one off monies.

**7. AMOUNT NOT ALLOCATED IN 2020/21 (£000)**

**Total amount not allocated in 2020/21 £20,685**

The £20.685m of balance forecasted to be carried forward into 2021/22 is made up of the following sums.

Schools Block £5.746m:

- £0.782m to support the cost of the agreed financial support model for Beckfoot Upper Heaton Academy for the final year in 2021/22.
- £0.650m for the deficit of a school converting to academy status.
- £0.427m of Growth Fund balance ring-fenced to support additional costs of pupil numbers growth from April 2020.
- £1.252m of balance ring-fenced to de-delegated funds for maintained schools. An amount of this balance (£0.3m) is planned to be released in 2020/21 to support the reduction in the cost of contribution to the maternity / paternity insurance scheme. The balance will also be used to support any further costs arising from deficits held by sponsored primary academy converters, as no new budget is de-delegated for this purpose.
- £0.540m of primary phase headroom in 2020/21 earmarked to be spent in

support of the primary-phase funding formula in 2021/22.

- £2.095m resilience reserve. This sum is effectively the remaining unallocated balance within the Schools Block.

Early Years Block £3.841m:

Earmarked to be used in support of the Early Years Single Funding Formula from April 2021. This is anticipated to be deployed, in part, to continue to protect and uplift universal base rate funding over a transitional period. This balance is also expected to be used to manage any further national system change, including to the funding of maintained nursery schools.

High Needs Block £11.098m:

There is a significant amount of continuing structural change taking place within Bradford's high needs provision, as well as continuing uncertainty in the national funding picture, and in other factors, that are very likely to alter our cost base going forward. The £11.098m balance itself is significantly estimated. The Schools Forum has recommended the following position:

- None of the £11.098m be allocated in 2020/21 at the planned budget stage.
- The first calls on the £11.098m will be meeting the cost of change as well as supporting any unexpected costs or higher than anticipated costs that may arise across 2019 and 2020 and as a result of structural change.
- The £11.098m will also then be available to support the avoidance of cumulative deficit in the High Needs Block over the medium term. Although this cannot be guaranteed, it may also mean that we will not need to propose further transfer of budget from the Schools Block over this period, if transfers continue to be permitted by the Regulations. The indicative trajectory however, does suggest that the High Needs Block is likely to continue to face financial pressure going forward, with the £11.098m supporting financial resilience.

## **8. RISK MANAGEMENT AND GOVERNANCE ISSUES**

If the allocations set out in this report are not fully agreed by Elected Members then representations have to 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).

## **9. LEGAL APPRAISAL**

Section 45 of the School Standards and Framework Act 1998 provides that, for the purposes of the financing of maintained schools by local authorities, every such school shall have for each funding period a budget share, which is allocated to it by

the authority which maintains it to be determined in accordance with that Act and regulations.

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.

Schools forum generally has 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.

A new national funding formula (NFF) for schools, high needs and central school services came into effect from April 2018. A national funding formula for early years was introduced at April 2017. The NFF now determines how the DSG is allocated to local authorities. The basic structure of the schools national funding formula has not changed for 2020/2021. But it is the Government's stated intention to introduce a 'hard' NFF where every primary and secondary mainstream school's / academy's budget will be set on the basis of a single national formula. The main changes are highlighted in the body of the Report and the Local Authority currently maintains some discretion over how it distributes the funding it receives through the NFF locally in consultation with schools.

The School and Early Years Finance (England) Regulations 2020 require the Local Authority to calculate budgets for all maintained schools using a funding formula and to decide the formula it will use for the funding period. It must, not later than 28 February, (a) make an initial determination of its schools budget; and (b) give notice of that determination to the governing bodies of the schools which it maintains.

Under new arrangements set out in the proposed School and Early Years Finance (England) Regulations 2020, and in the DSG conditions of grant for 2020-21, local authorities will have either to carry forward any cumulative deficit in their Schools Budget to set against DSG in the next funding period (Y+1); or carry forward some or all of the deficit to the funding period after that (Y+2), in order to determine how much resource is available to be spent during the funding period (Y+1). These arrangements will begin to operate from budget setting for the financial year 2020-21. The School and Early Years Finance (England) Regulations 2020 will come into force in February 2020.

## **10. OTHER IMPLICATIONS**

### **10.1 EQUALITY & DIVERSITY**

The Local Authority must have regard to its public sector equality duties under section 149 of the Equality Act 2010 when exercising its functions and making any

decisions. The Local Authority must carry out an Equalities Impact Assessment to enable intelligent consideration of any proposals. The Local Authority must have due regard to the information in the Equalities Impact Assessment before making any decision in relation to proposals.

The analysis below focuses on the key DSG formula funding policy changes within the School Budget recommendations that are new for 2020/21 and that are for local decision.

#### High Needs Block

In setting the School's Budget for 2020/21, Council is asked to approve the adoption of changes to Bradford's High Needs Model, including a new Banded Model for the allocation of EHCP top up funding to schools and providers from the High Needs Block. Please see Appendix 3 for a specific Equalities Impact Assessment on the new EHCP Banded Model.

#### Schools Block Primary & Secondary

Council has already determined to mirror the DfE's National Funding Formula for the calculation of primary and secondary school / academy funding allocations at local level. As such, our equalities impact assessment continues to align with that of the DfE regarding the [National Formula Funding policy](#) and its priorities and impacts on the funding of protected groups.

In setting the School's Budget for 2020/21, Council is asked to approve the recommendation that the Minimum Funding Guarantee (MFG) for primary and secondary schools / academies is set at +2.34%, which is 0.5% higher than the normal Regulations permit. We have received permission from the ESFA and have demonstrated to the ESFA that the allocations for non-MFG schools / academies are not negatively affected, nor is the funding available to children with protected characteristics in these schools. Our application to the ESFA included an equalities impact assessment, which evidenced the positive benefit of this proposal. We have looked at the impact of this proposal on the funding of children with SEND / disabilities (using the Free School Meals (FSM) proxy measure as used in the NFF assessment), from Minority Ethnic backgrounds (using English as an Additional Language (EAL3) as a proxy measure) and faith schools. The purpose and consequence of this proposal is to uplift the funding of schools / academies that remain on the MFG and in particular, in primary phase, where 78% of schools / academies are on the MFG in 2020/21.

#### Early Years Block

In setting the School's Budget for 2020/21, Council is asked to approve the continued protection of maintained nursery schools. This protection is funded using the specific supplement within the Early Years Block, supported by one off monies. This protection is not funded to the detriment of any other provider or any other aspect of the Early Years Block allocation. The numbers of children with SEND and from more deprived backgrounds is higher in the nursery schools sector and this protection continues to support provision for these children.

In setting the School's Budget for 2020/21, Council is asked to approve the recommendation to begin to reduce the proportion of our 3 & 4 year old Early Years Single Funding Formula (EYSFF) that is allocated via the Deprivation & SEND supplement, with the intention to reduce this down by April 2022 to the average of our statistical neighbours (from 9.5% to 6.0%). This change in 2020/21 takes place alongside the proposed increase in the 3 and 4 year old Universal Base Rate (UBR) from £4.11 to £4.19 per hour for all providers. The Authority set out in [consultation](#) the impact of this and how brought forward balances (one off monies) are currently being used within the Early Years Block to protect the current value of the UBR following the national early years funding reform, where Bradford's rate of funding has reduced by c. 10% between 2017-2019. The use of one off monies is not a permanent solution. To keep within the funding settlement currently available, either the UBR or spending on other factors will need to reduce. Our consultation modelling, using the 2019/20 budget, evidenced that we would need to set a UBR lower than £4.00 per hour in order to continue to spend 9.5% on our Deprivation & SEND supplement going forward without the use of one off monies. Our benchmarking suggests that, where if we did this, we would be 'out of line' with other authorities. It is also the case that reducing our UBR in this way would not support providers in meeting growing costs, especially salaries costs, and this would likely have District-wide implications, including for the quality of provision and places sufficiency. Protecting and uplifting the UBR for all providers helps support universal good quality provision for all children.

The Early Years Pupil Premium, as well as the Disability Access Fund and Early Inclusion Funds, will continue to complement the Early Years Single Funding Formula and will provide additional funds to support children with SEND.

## **10.2 SUSTAINABILITY IMPLICATIONS**

There are no direct implications resulting from this report.

## **10.3 GREENHOUSE GAS EMISSIONS IMPACTS**

There are no direct implications resulting from this report.

## **10.4 COMMUNITY SAFETY IMPLICATIONS**

There are no direct implications resulting from this report.

## **10.5 HUMAN RIGHTS ACT**

There are no direct implications resulting from this report.

## **10.6 TRADE UNION**

There are no direct implications resulting from this report.

## **10.7 WARD IMPLICATIONS**

There are no direct implications resulting from this report.

## **10.8 IMPLICATIONS FOR CORPORATE PARENTING**

There are no direct implications resulting from this report.

## **10.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

There are no issues resulting from this report.

## **11. NOT FOR PUBLICATION DOCUMENTS**

None.

## **12. OPTIONS**

Please see the recommendations below.

## **13. RECOMMENDATIONS**

### **13.1 It is recommended that the Executive asks Council to:**

- a) Accept and approve the proposals from the Schools Forum for the allocation of the 2020/21 DSG as set out in this report.**
- b) Approve the adoption of the new Banded Model for the allocation of EHCP top up funding to schools and providers from the High Needs Block.**
- c) Approve the total amount of £586.602m 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 2020/21.**

## **14. APPENDICES**

- Appendix 1 – Local Authority Funding Reform Pro-Forma 2020/21.
- Appendix 2 – Proposed new Banded Model for EHCP Top Up Funding including summary and analysis of consultation feedback.
- Appendix 3 Equality Impact Assessment - Proposed new Banded Model for the allocation of top up funding for EHCPs to schools and providers.
- Appendix 4 – Early Years Single Funding Formula 2020/21.

## **15. BACKGROUND DOCUMENTS**

- [Decisions List of Schools Forum 8 January 2020](#) (link to webpage)
- [Consultation on the High Needs Funding Model](#) (link to webpage)
- [Consultation on the Early Years Single Funding Formula 2020/21](#) (link to webpage)



- [Consultation on Schools Block Funding Arrangements 202/21](#) (link to webpage)
- [Statement to Parliament on Maintained Nursery School Funding](#) (link to webpage)
- [ESFA permission for a 2.34% Minimum Funding Guarantee](#)
- Section 151 Officer's Report – Executive 18 February 2020