

Title: Schools Budgets 2018-19	
Ward(s):	ALL
Author: David Tully	Job title: Interim Finance Business Partner
Cabinet lead: Councillor Anna Keen	Director lead: Sue Rogers / Denise Murray
Proposal origin: BCC Staff	
Decision maker: Mayor Decision forum: Cabinet	
<p>Timescales: Officers must submit to the Education and Skills Funding Agency (ESFA) formula driven allocations for mainstream schools by 19th January 2018, which may be subject to ratification or amendment by Cabinet and Council. Schools Forum is meeting to consider the same issues at its meeting on 16th January 2018 and any feedback from that meeting will be conveyed to Cabinet Members, prior to the Cabinet meeting. Officers must submit the Council's budget plans for schools no later than 31st March 2018.</p>	
<p>Purpose of Report: Schools Forum has some limited powers to determine a small number of specific budgets, it must be consulted on all aspects of the use of the Dedicated Schools Grant (DSG) and the School Funding Regulations limit the scope for how funding may be used. Nonetheless, decisions on the amount of funding to distribute to schools and early years settings, the distribution mechanisms, the proposed spend on central services and the High Needs budget are matters to be determined by Cabinet and Council. This report sets out the proposed use of the DSG, some General Fund to support schools PFI costs and how associated grants are to be applied during 2018/19.</p>	
<p>Evidence Base: Officers have presented papers to Schools Forum and have engaged with schools to consider how best to use available funding in 2018/19 to address the financial issues facing Bristol schools, including academies. Officers have also met with officers from the ESFA to consider the longer-term position for Bristol schools. This paper reflects the strategy that has been agreed with the Schools Forum in the context of the available funding for 2018/19, subject to decisions and feedback from their meeting on 16th January 2018.</p> <p>The final allocations of DSG from the ESFA have yielded £0.7m more for the Schools Block than expected, after implementing the strategy of funding schools at the headline per pupil amount for 2018/19 (ie 1.5% more than 2017/18). Given the financial difficulties in the High Needs Block, it is proposed that £0.7m of the overall £4.1m contribution from the General Fund be allocated to the High Needs Block, in addition to the £2m transferred from the Schools Block.</p> <p>The key papers submitted to Schools Forum on 16th January 2018 are provided as appendices for reference:</p> <ul style="list-style-type: none"> • Appendix A.1: DSG Overview, explaining the latest budget monitoring position for 2017/18 and an update on the implementation of the agreed strategy, now that the ESFA has confirmed the available DSG for 2018/19. There are some elements of the strategy that are dependent on the Secretary of State's consent, which is awaited. This section also outlines what other grants are available for schools during 2018/19. • Appendix A.2: Schools Block, which sets out how much funding is available and how it should be distributed through the funding formula for mainstream schools. The funding allocations for mainstream schools are paid directly to them each month; the funding allocations for academies and free schools are recouped by the Education and Skills Funding Agency from the DSG before it is received by the City Council. • Appendix A.3: Central School Services Block, which includes the proposed use of the available funding, subject to the explicit approval of Schools Forum. • Appendix A.4: High Needs Block, which identifies the measures to be taken to address the overspend within this budget and outlines a three-year plan to bring the budget back to balance. • Appendix A.5: Early Years Block, which confirms the basis for distributing funding to settings for 2018/19 financial year and the plans for spending the limited amount of central Early Years DSG. 	

In summary, the Schools Budget for 2018/19 is proposed to be as per **Table 1**.

Table 1: Movement in Schools Budget from 2017/18 to 2018/19 and sources of funding

DSG Blocks	2017/18 DSG £m	Adjustment for High Needs places in mainstream £m	Transfer £2m from Schools Block to High Needs £m	Use of General Fund (equal to extra PFI) £m	Additional DSG notified by ESFA 19.12.17 £m	Unallocated £m	Schools Budget 2018/19 £m
Schools block	241.372	1.000	-2.000	+3.400	+9.651	0	253.423
Central school services block	2.745	0.000	0.000	0.000	+0.083	-0.566	2.262
High needs block	50.667	-1.000	+2.000	+0.700	+1.215	-2.631	50.951
Early Years baseline (Provisional)	33.480	0.000	0.000	0.000	+2.061	0	35.541
Total	328.264	0.000	0.000	+4.100	+13.010	-3.197	342.177
Funded from							
Estimated brought forward DSG deficit from 2017/18 (Period 8 forecast)							+5.088
DSG advised by ESFA 19 th December 2017							-341.274
General Fund (vired from capital financing)							-4.100
Estimated carry-forward at end of 2018/19							-1.891
Total							-342.177

Cabinet Member / Officer Recommendations:

It is recommended that

- 1. Schools Block (detail in Appendix A.2)**
 - a. the Schools Block budget be set at £253.423m for 2018/19 as per Table 1 above;
 - b. the Growth Fund for established schools expanding in September 2018 be set at £2m;
 - c. the lump sum per school value in the mainstream formula for primary and secondary schools is set at £125,000, as in 2017/18;
 - d. rates funding for mainstream schools is based on each school's expected requirements for 2018/19, as per ESFA guidance;
 - e. the Minimum Funding Guarantee for mainstream schools is set at 0%, ensuring that the per pupil amount is no less than that for 2017/18;
 - f. no capping or scaling should be applied to the formula for 2018/19;
 - g. the formula factors used in 2017/18 should be increased by the same percentage to distribute the remaining available funding.
- 2. Central School Services Block (detail in Appendix A.3)**
 - a. Subject to Schools Forum agreement, the Central School Services Block budget be set at £2.262m, leaving the indicated historic funding of £0.566m for prudential borrowing unallocated as it is not required. In the event that the funding is not clawed back by the ESFA, a decision on how it is used can be decided at a later point.
- 3. High Needs Block (detail in Appendix A.4)**
 - a. The High Needs Block budget be set at £50.951m for 2018/19 as per Appendix A.4.2;
 - b. The measures to reduce the budget pressures set out in Table 2 in Appendix A.4 are agreed;
 - c. The outline three year plan to balance the budget in Table 3 of Appendix A.4 is endorsed.
- 4. Early Years Block (detail in Appendix A.5)**

- a. the Early Years Block budget be set at £35.541m for 2018/19, noting that spend and DSG income will vary up or down, according to participation levels in each of the three terms;
- b. Funding for 3 and 4 year olds will be based on a rate of £4.88 per hour, with supplements for deprivation (13p), quality (16p) and Special Needs (25p).
- c. Funding for 2 year olds will be based on a rate of £5.40 per hour.
- d. The budget for the central team will be £1.476m, based on 28p per hour for 3&4 year olds and 3p per hour for 2 year olds, of which £1.276m will be allocated to the central Early Years Team and £0.200m will be used for commissioned speech and language therapy.

5. Overall position

- a. Members note that expected school balances are expected to be in the region of £3m at the end of 2017/18 and the DSG position is expected to be overspent by £5.1m, so Council reserves will be needed to cover the net deficit until the underlying financial position, particularly in the High Needs budget, improves.

Revenue Cost: £ 342.2m	Source of Revenue Funding: £341.3m from Dedicated Schools Grant, £4.1m from General Fund, all offset by an improvement in the DSG forecast deficit by-£3.2m
Capital Cost: Nil	Source of Capital Funding: N/A
One off cost <input type="checkbox"/> Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/> Income generation proposal <input type="checkbox"/>
Finance Advice: This is a financial report required in order to meet Department for Education deadlines for setting schools budgets for 2018/19.	
Finance Business Partner: David Tully, Interim Finance Business Partner	

Corporate Strategy alignment: Funding schools and educational provision appropriately is part of the Fair and Inclusive theme in the Corporate Strategy.

Legal Advice: The application of the DSG and other associated grants may be governed by agreement or legislation. All relevant agreements and/or legislative requirements must be complied with in respect of each grant. It will be for officers to ensure this is the case.

Once detailed proposals are developed, consideration will need to be given to undertaking detailed Equality impact assessments and consultation before final decisions are made. Legal advice should be taken as these are developed.

Legal Team Leader: Sinead Willis, Team Leader Commercial and Governance Team, I confirm I have provided comments on the full and final report 15 January 2018.

Implications on ICT: There are no expected IT implications arising from this report.

ICT Team Leader: Ian Gale, Acting Head of ICT.

City Benefits: The financial strategy aims to use available funding for education to best effect, by distributing resource for early years providers, maintained schools, academies and free schools fairly and sustainably in partnership with Schools Forum.

Consultation Details: The financial strategy underpinning the proposals on how the DSG should be used has been the subject of consultation with Schools Forum since September 2017. Officers also held a consultation meeting attended by 100 school representatives in November 2017. Schools Forum on 16th January 2018 is considering these formal proposals and they will feedback at the Cabinet meeting.

DLT Sign-off	Denise Murray	08.01.2018
SLT Sign-off	Denise Murray	08.01.2018
Cabinet Member sign-off	Councillor Anna Keen	15 th January 2018
For Key Decisions - Mayor's Office sign-off	[15.01.2018

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal -	NO
Appendix F – Eco-impact screening/ impact assessment of proposal -	NO
Appendix G – Financial Advice	
Appendix H – Legal Advice	NO
Appendix I – Combined Background papers	
Appendix J – Exempt Information	NO