

Headlines for Resources Scrutiny Committee (10<sup>th</sup> January 2019)  
in preparation for Schools Forum

# **SCHOOLS FUNDING SETTLEMENT 2019/20**

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# Key points

- The **Schools Funding Settlement** for 2019/20, announced in December 2019 provides £354m for Bristol, an increase of £5.5m on the indicative figures provided previously, and an overall increase of £10.5m on the updated DSG for 2018/19.
- Schools Forum agreed to **transfer** £2.6m to High Needs Budget for 2019/20 (£2m from Schools Block, £0.6m from central block).
- The **Schools Block** includes funding for an extra 1,010 pupil in the October 2018 census (£5.2m), but, as anticipated, there is £1.3m less in the Growth Fund allocation than included in the indicative DSG from July 2018. After transfers, this would give mainstream schools 0.23% more funding per pupil than in 2018/19.
- DfE have announced additional **High Needs** DSG of +£1.0m in 2018/19 and another £1.0m in 2019/20. The High Needs Block also includes £0.7m more for a new free school. After transfers, this is estimated to leave a cumulative deficit of £3.3m by March 2020.
- **Early Years** funding rates have stayed constant for another year (ie no inflation). We are consulting schools on priorities for use of unspent Early Years DSG.
- **School Central Services Block**, after transfers, is 3% higher than the budget for 2018/19, but this is a small (£2.3m) component of the total.

# Decision making for the DSG

Component	LA Responsibility	Schools Forum role
<b>Schools Block</b> – moving money out of Schools Block	LA to consult all schools and propose a movement as necessary	<b>They can agree the movement or not (done in November 2018)</b>
<b>Schools Block</b> – mainstream formula	<b>LA to determine funding formula (after consulting all schools) ✓</b> <b>LA to determine amount to allocate</b>	They must be consulted on the arrangements
<b>Schools Block</b> – Growth Fund	LA to determine the amount. LA to propose the policy	<b>They can agree the policy or not.</b>
<b>School Central Services Block</b>	LA to propose individual budgets	<b>They can agree the budgets or not.</b>
<b>Early Years</b> – devolved funding	<b>LA to determine funding formula (after consulting all settings) ✓</b> <b>LA to determine amount to allocate</b>	They must be consulted on the arrangements
<b>Early Years</b> – retained funding	LA to propose individual budgets	<b>They can agree the budgets or not.</b>
<b>High Needs budget</b>	<b>LA to determine the funding and the overall arrangements</b>	They must be consulted on the arrangements

Green cells indicate who decides.

Scope for LA discretion is not great, as funding decisions need to be taken in line with the available funding and the terms of the DSG.

Where SF rejects LA proposals, LA has the option of proposing something else or seeking arbitration from the Secretary of State for Education.

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# DSG Position (adjusted) Period 7 2018/19

	Brought forward 2018/19	Funding 2018/19	Forecast 2018/19	In-year variance	Carry-forward 2018/19
<b>Schools Block</b>		253,423	253,423	0	0
<b>De-delegation</b>	(357)				(357)
<b>Schools Central Block</b>		2,262	2,262		
<b>Early Years</b>	(500)	36,574	36,089	(485)	(985)
<b>High Needs Block</b>	2,055	55,454	54,345	(1,109)	946
<b>Funding</b>	(182)	-347,713	-347,531	182	
<b>Total</b>	<b>1,016</b>		<b>(1,413)</b>	<b>(1,413)</b>	<b>(397)</b>

- **Early Years** underspend takes account of May and October 2018 pupil censuses and estimates that participation in January 2019 will be the same as January 2018. 1% up or down amounts to c£0.1m.
- **High Needs** position benefits from supplementary DSG for 2018/19 of £0.983m, which is repeated for 2019/20.

# Proposed DSG budgets for 2019/20

<b>DSG Blocks</b>	<b>DSG Budgets 2018/19 (P7) £m</b>	<b>Reversal of one-off transfers in 2018/19 £m</b>	<b>DfE notified changes for 2019/20 £m</b>	<b>Total DSG notified by DfE December 2018 £m</b>	<b>Transfers between blocks 2019/20 £m</b>	<b>Allocations from underspend or future years DSG £m</b>	<b>Proposed Schools Budget 2019/20 £m</b>
Schools block	253.423	-1.400	9.422	261.445	-2.000	0.000	259.445
Central school services block	2.262	+0.566	0.067	2.895	-0.566	0.000	2.329
High needs block	54.471	-3.448	2.191	53.214	2.566	2.407	58.187
Early Years baseline (Provisional)	36,600	0	-0.167	36.433	0	0.517	36.950
<b>Total</b>	<b>346.756</b>	<b>-4.282</b>	<b>11.513</b>	<b>353.987</b>	<b>0.000</b>	<b>2.924</b>	<b>356.911</b>
Funded from							
Estimated brought forward DSG surplus from 2018/19 (Adjusted Period 7 forecast)							-397
DSG advised by ESFA up to 19 <sup>th</sup> December 2018							-353.987
Estimated carry-forward DEFICIT at end of 2019/20 (if spend is at budget level)							-2.527
<b>Total</b>							<b>-356.911</b>

# Transfer of funding between blocks 2019/20

- We asked Schools Forum if they would consent to transferring DSG funding from Schools Block / Central School Services Block to the High Needs Block.
- They agreed to :
  - **£2.0m** transfer from Schools Block to High Needs Block
  - **£0.566m** transfer from School Central Services Block to High Needs Block
  - If the final Growth Fund allocation were to have exceeded £3.9m for 2019/20, the excess amount could have been transferred to High Needs Block, subject to Secretary of State approval. The Growth Fund is confirmed at £3.9m, however, so this item is no longer relevant.
- High Needs Block, therefore, has at least £2.566m more available for 2019/20.

# Schools Block 2019/20

Component	A Schools Block for 54,600 pupils with Growth Fund 2019/20 (£m)	B Transfer to High Needs Block (£m)	C Amount of Growth Fund needed for Growing Schools	D = A+B+C Resulting Schools Block Totals (£m)	E Amount needed 2019/20 for a standstill position (£m)	F= (D-E)/D Comparison with standstill £m
National Funding Formula values	£257.5m	-£0.7m	+£1.0m	<b>£257.8m</b>	£257.2m	+0.23%
Growth Fund	£3.9m	-£1.3m	-£1.0m	<b>£1.6m</b>	£1.6m	0%
<b>Total Schools Block</b>	<b>£261.4m</b>	<b>-£2.0m</b>	<b>£0.0m</b>	<b>£259.4m</b>	<b>£258.8m</b>	<b>+0.23%</b>

# Schools Block 2019/20

- A transfer of £2m to High Needs implies budgets for schools of £257.8m (an increase of 0.23% per pupil), with the Growth Fund budget set at £1.6m.
- The extra 1,010 pupils in the October 2018 census has been in schools with higher minimum funding per pupil and this has eroded the expected gain from the settlement (ie expected gain was 0.4%, but a standstill costs more).
- Minimum Funding Guarantee to be set at 0% with £0.6m headroom distributed in a way that moves to National Funding Formula values for Deprivation, EAL and attainment
- The Growth Fund policy is to be proposed as no change on the one for 2018/19. Schools Forum had expressed a preference for a revised policy that did not fund non-resident pupils, but the Authority does not wish to put this forward.



# School Central Services Block 2019/20

Type of funding	Component	Comparable 2018/19 DSG amount £'000	DSG Allocation 2019/20 £'000	Proposed 2019/20 budget £'000
Formulaic	LA Core functions	912	947	947
Formulaic	School Admissions	461	479	479
Formulaic	School Licences	267	281	281
Formulaic	Schools Forum	23	23	23
Historic	Combined Services	599	599	599
Historic	Prudential Borrowing"	566	566	0
<b>Total</b>		<b>2,828</b>	<b>2,895</b>	<b>2,329</b>

Each of these items has to be agreed by Schools Forum specifically in January 2019

# Early Years Block 2019/20

<b>Component of 3 and 4 year old funding</b>	<b>2018/19 Hourly rates (£p)</b>	<b>Proposed 2019/20 Hourly rates (£p)</b>	<b>2019/20 budget, based on DfE activity levels £'000</b>
3 and 4 year olds base allocation per part-time equivalent pupil (15 hours)	£4.88	£4.88	£26.781m
Deprivation Supplement (part of 10% devolved limit)	£0.13	£0.13	£0.713m
Quality Supplement (part of 10% devolved limit)	£0.16	£0.16	£0.878m
Emerging SEN	£0.25	£0.25	£1.372m
LA centrally retained funding (5% of gross funding)	£0.28	£0.27	£1.482m
<b>Total for 9,628.06 part-time equivalent (15 hours) pupils</b>	<b>£5.70</b>	<b>£5.69</b>	<b>£31.226m</b>
Retained to administer 2 year old arrangements	£0.03	£0.03	£0.022m
2 year olds base allocation per part-time equivalent pupil (15 hours)	£5.40	£5.40	£3.966m
<b>Total funding for 1,288.40 pte 2 year olds</b>	<b>£5.43</b>	<b>£5.43</b>	<b>£3.988m</b>
EY Pupil Premium (estimated)			£0.354m
Disabled Access Fund (estimated)			£0.100m
Maintained Nursery Supplement (estimated)			£0.765m
<b>WORKING ASSUMPTIONS FOR 2019/20</b>			<b>£36.433m</b>

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# Early Years Block 2019/20

- Early Years were consulted on two possible uses of unspent Early Years DSG:
  - **Local Maintained Nursery School (MNS) Supplement** (continuing to protect the 12 MNSs at 2016/17 levels of funding, as in 2018/19) £0.4m
  - **Early Years SEN** Funding rates increase to acknowledge foundation living wage (may need to be considered as part of high needs review of top-ups) £0.2m
- Agreement to either of these would be dependent on having sufficient confidence that there were underspends to cover these items.
- Adjusted P7 forecast is £1m underspend, if January 2019 participation levels are the same those in January 2018. 1% variance up or down would equate to £0.1m.
- The final EY DSG further erodes the national MNS supplement by £0.1m, so the cost of doing this is now **£0.517m**. This is proposed to happen.
- The EY SEN is proposed to be deferred until the accounts are closed in May 2019 for two reasons:
  1. There is still some uncertainty about the precise amount of underspend; and
  2. The arrangements for EY SEN should be considered alongside the arrangements for High Needs.

# High Needs Block - context

Bristol SEND & High Needs population as at October 2018 Census

SEN Type	Number
EHCP	2,437
SEN_Support	7,542
Disability w/out SEN	1,189
<b>Total</b>	<b>11,168</b>

Special School placements as of January 2019:

Placement type	Places 2014/15	Places 2015/16	Places 2016/17	Places 2017/18	Places 2018/2019
Pre 16	737	740	767	749	1106
Post16	124	134	148	145	141
<b>Total</b>	<b>861</b>	<b>874</b>	<b>915</b>	<b>894</b>	<b>1247</b>

Independent Non-Maintained/ Independent Specialist as of January 2019

Placement type	Places 2014/15	Places 2015/16	Places 2016/17	Places 2017/18	Places 2018/2019
Pre 16 INM	21	40	42	52	56
Post16 INM	18	33	46	30	26
ISP	31	16	10	9	6
<b>Total</b>	<b>70</b>	<b>89</b>	<b>98</b>	<b>91</b>	<b>88</b>

# High Needs Block forecast 2019/20

Component	Period 7 Forecast 2018/19	Changes for 2019-20	Initial assessed commitments for 2019/20	Comment
1. Places only	15,552	1,390	16,942	Reflects existing place numbers and requested changes from September 2019. Also includes £1m extra cost of places at Venturer Special School, which should increase HN DSG.
2. SEN Top-ups	23,938	1,776	25,714	Existing commitments, estimated leavers at Y13 / Y14, new cases with / without EHCP plans. Existing rates, existing policies.
3. AP Top-ups	890	150	1,039	Based on 85% occupancy of existing provision.
4. Other SEN provision	6,088	480	6,568	Existing commitments in independent and non-maintained schools plus 2% inflation.
5. Other AP provision	4,648	-24	4,624	Existing levels of spot and block provision plus current spend on Hospital Education.
6. Services	3,116	184	3,300	Existing commitments on SEN support services.
<b>Total Commitment</b>	<b>54,230</b>	<b>3,957</b>	<b>58,187</b>	

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# High Needs Forecast 2019/20

(including agreed transfers and latest High Needs DSG)

Component	Adjusted Forecast P7 2018/19	Changes for 2019-20	Initial assessed commitments for 2019/20	Comment
<b>Total Commitment</b>	<b>54,346</b>	<b>3,841</b>	<b>58,187</b>	
Brought forward	-2,055	1,108	-947	
DSG Funding (gross)	55,454	326	55,780	2019/20 Includes £53.214m DSG, £2.566m transfers agreed by Schools Forum .
<b>Total funding</b>	<b>53,399</b>	<b>1,434</b>	<b>54,833</b>	
<b>Overspend (cumulative)</b>	<b>947</b>	<b>2,407</b>	<b>3,354</b>	<b>£3.3m shortfall by March 2020</b>

Note that the £3.3m shortfall arises whether the 2020/21 funding is applied as a budget in 2019/20 or not, if spending is at the expected level of £58.187m.

# High Needs Strategy

- The broad strategy for tackling the cumulative deficit and underlying shortfall in High Needs is:
  - a) Lobby DfE for additional resources acknowledging this is a national problem;
  - b) Continue to develop the High Needs Transformation Programme to improve outcomes within a sustainable funding envelope;
  - c) Continue to look for efficiency opportunities to transfer unutilised resource as they arise.

# Next steps

- Present detailed papers to **Schools Forum** for its meeting on 16<sup>th</sup> January 2019.
- **Cabinet** consider the position, including Schools Forum feedback, at its meeting on 22<sup>nd</sup> January 2019, then make a recommendation to Council.
- **Full Council** determines the Schools Budget for 2019/20 at its meeting on 26<sup>th</sup> February 2019.