

Bristol Schools Forum
DSG 2020-21 Overview

Date of meeting:	25 November 2019
Time of meeting:	5.00 pm
Venue:	Writing Room, City Hall

1 Purpose of report

- 1.1 This report provides an outline of emerging DSG funding levels for 2020/21, and seeks a decision on transfers between blocks.

2 Recommendation

2.1 Schools Forum is invited to:

- a) note the potential 2020/21 indicative funding levels.**
- b) note the proposed restrictions relating to the DSG.**
- c) agree to the transfer of £0.333m funding from School Central Block to the High Needs Block in 2020/21.**
- d) agree to the transfer of £1.300m funding from the Schools Block to the High Needs Block in 2020/21.**
- e) consider the possibility of a transfer of funding from the Early Years Block to the High Needs Block in 2020/21.**

3 Background

- 3.1 HM treasury released some details of the 2019 Spending Round on 4 September 2019, following presentation to Parliament. Further details were contained in a written statement to Parliament on 9 September 2019.
- 3.2 In October 2019, the ESFA issues operational guidance and technical notes relating to the blocks.
- 3.3 At the same time, the ESFA published provisional allocations for 2020/21 for the Schools Block, Central Services Block and the High Needs Block. Indicative allocations have separately been released for the Growth Fund for 2020/21. Apart from revised hourly rates, no other information has been published about the Early Years Block allocations for 2020/21.
- 3.4 Consultation with individual schools is required and we will conduct this in December/January following this Forum meeting.

4 Funding levels for 2020/21

- 4.1 In the recent Spending Round it was announced that national funding for schools and high needs will increase by £2.6bn for 2020/21, £4.8bn for 2021/22, and £7.1bn for 2022/23. Further details of the provisional allocations for the schools, high needs and central services blocks at LA level were released by ESFA in October 2019. Apart from an indicative national funding increase, no other update has been provided about the allocation in the Early Years block, so no increase has been built into the model. Final block allocations will be published in December once the October 2019 census information is available. This paper uses these indicative allocations for 2020/21.
- 4.2 All of the figures will be subject to the differences between the use of the October 2018 census (used for these indicative budgets) and the use of the October 2019 census. The final budgets will use the funding rates in the indicative budgets with the October 2019 census data, final APT containing the basis for 2020/21 funding is expected to be issued in December 2019.
- 4.3 Table 1 shows the potential increases in DSG funding for Bristol for 2020/21.

Table 1: Changes in the DSG sub-block totals between 2019/20 and 2020/21 indicative position.

DSG Blocks	2019/20 DSG £m	Indicative increase (based on same pupil numbers/ characteristics) £m	Total indicative DSG 2020/21 £m	Percentage increase
Schools block	261.449	8.247	269.696	3%
Central Services Block	2.895	(0.200)	2.695	-7%
High Needs Block	53.931	6.600	60.531	12%
Early Years	36.876	0.000	36.876	0%
Total	355.152	14.647	369.798	4%
Indicative funding levels based on last years pupil characteristics and numbers, these figures will change once the 2019 census figures are available.				
No Early Years funding levels at LA level have been announced yet.				

- 4.4 **Schools block.** There is a separate report on the agenda which deals with the detailed issues arising from the DfE guidance on the Schools Block and the Funding Formula for individual schools. The issue, which is explored in the next section, is that of transferring funding between blocks for 2020/21.
- 4.5 **Central Services Block,** is funded in two parts, for ongoing and historic responsibilities. The first part is for historic responsibilities and this included £0.566m for Prudential Borrowing in previous years, this initiative ceased in 2017/18 (and this amount was reallocated in 2019/20). The published figures include a 20% reduction on these historic commitments, so a reduction of £0.233m to £0.932m.
- 4.6 The second part (£1.763m) is for on-going responsibilities, funded on a formulaic basis, this represents an inflationary increase of 2%. These cover Admissions, Licences, Servicing of Schools Forum and the core centrally retained duties of the LA (transferred from the Education Services Grant).
- 4.7 **High Needs Block** indicative allocation for 2020/21 is £60.531m. This is an increase of £6.600m, or 12%, from 2019/20.
- 4.8 **Early Years Block** has not been included in the information published by ESFA so in the table above the same allocation as 2019/20 has been included for illustrative purposes only.

5 Considerations on movements between DSG blocks for 2020/21

- 5.1 Elsewhere on the agenda is a report on the P6 forecast position for the DSG 2019/20. The position for the High Needs Block is an in-year deficit of £0.106m, but doesn't take into account emerging pressures in Out of Area Placements and Alternative Provision. Assuming a modest 2% increase for cost pressures, a prudent forecast for 2020/21 is **£60.190m**. Increases in Out of Area Placements and increased costs of Alternative Provision contracts for next year is estimated to add an additional £1.500m, building this into the forecast for 2020/21 gives a spend of **£61.720m**.
- 5.2 In formulating the High Needs Block for 2019/20 there were transfers into the block of £0.566m from the Central Services Block and £2.000m from the Schools Block. Adding these to the ESFA allocation of £53.931 gave a total of £56.497m. However the forecast expenditure for 2019/20 exceeded this so advanced funding of £2.407m from 2020/21 was also agreed and added to the budget in 2019/20. The total High Needs Block budget for 2019/20 was £58.904m.
- 5.3 The indicative allocation for the High Needs Block in 2010/21 is £60.530m, the first call on this allocation is to repay the advanced funding that is being used in 2019/20 of £2.407m. This would give a total available of £58.124m, which would not cover either of the forecast spends in 5.1 above. With no further action the deficit in 2020/21 would be **£2.067m**, in the case of the lower forecast with just cost increases or **£3.597m**, with demand pressures also included.
- 5.4 Transferring funding to the High Needs Block from other blocks is an option.
- 5.5 There are no restrictions on transfers from the Central Services Block to the High Needs Block, other than Schools Forum must be consulted.
- 5.6 The Operational Guide authorises a transfer of up to 0.5% from the Schools Block to other blocks with Schools Forum approval and would also require consultation with all schools.
- 5.7 In order to cover the predicted shortfall it is proposed to make two transfers into the High Needs Block from other blocks.
- 5.8 The first transfer is of £0.333m from the Central Services Block, this is the uncommitted Historic Funding element of the block.
- 5.9 The second transfer is of £1.300m, from the Schools Block, which represents just under 0.5%, as allowed in the regulations.

- 5.10 The effect of these transfers on the High Needs Block is shown in table 2, and both the lower and higher forecast for next year are shown. The effect on the Schools Block is contained in another paper on the agenda, but doesn't effect the requirement to meet both the MFG and Minimum per pupil funding levels set out in guidance.
- 5.11 A decision from Schools Forum is sought on whether or not the two rates of transfer into the High Needs Block are supported.
- 5.12 If both proposed transfers into the High Needs Block are actioned there is still a forecast in-year deficit within the block in 2020/21. Schools Forum is invited to consider the potential of an additional transfer into the High Needs Block from the Early Years Block of around £1.000m. The potential exists for this transfer as there are no restrictions on moving money between these blocks, apart from having Schools Forum agreement, and there is a continuing underspend within the Early Years Block.
- 5.13 A consultation exercise will be conducted with all schools following this decision.

Table 2 - High Needs Block Forecast position assuming requested transfers

High Needs Block	2019/20	2020/21	2020/21
		Cost pressure only	Cost and demand pressure
	£'000	£'000	£'000
DSG High Needs Block Allocation	53,931	60,531	60,531
Transfer from CSB	566	333	333
Transfer from Schools Block	2,000	1,300	1,300
Advance Funding	2,407	(2,407)	(2,407)
Total Budget	58,904	59,757	59,757
P6 forecast	59,010	60,190	61,720
Overspend/(underspend)	106	434	1,964
Opening Balance b/f	(432)	(326)	107
Closing Balance c/f	(326)	107	2,071