

Decision Pathway – Report Template



PURPOSE: Key decision

MEETING: Cabinet

DATE: 21 January 2020

TITLE	Dedicated Schools Grant 2020/21 Budget Proposals	
Ward(s)	ALL	
Author: Travis Young	Job title: Principal Accountant	
Cabinet lead: Cllr Craig Cheney and Cllr Anna Keen	Executive Director lead: Denise Murray, Director of Finance, Mike Jackson, Executive Director Resources.	
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 21st January 2020, 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 15th January 2020 and any feedback from that meeting will be conveyed to Cabinet Members, prior to the Cabinet meeting. Officers must publish funding rates for Early Years settings by 28th February 2020 and must publish the Council's overall budget plans for schools no later than 31st March 2020.</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 and how associated grants are to be applied during 2020/21.</p>		
<p>Evidence Base: Officers have presented papers to Schools Forum and have consulted with schools and settings to consider the methodology for distributing the funding available for 2020/21 and addressing the financial issues facing Bristol schools, including academies and the pressure in the High Needs Block. This paper reflects the strategy that has been agreed with the Schools Forum in the context of the available funding for 2020/21, subject to decisions and feedback from their meeting on 15th January 2020.</p> <p>In December 2019, the final allocations of DSG from the ESFA took account of 730 more pupils in October 2019, compared to October 2018. This produces £4.4m more than the indicative Schools Block allocation advised in October 2019, but this funding will substantially be needed to fund schools for those extra pupils. The Growth Fund allocation of £2.6m for 2020/21 is further reduced from the 2019/20 allocation of £3.9m, but the Department for Education (DfE) had provided some details of this and the reduction had been anticipated. Finally, the DfE confirmed the funding for High Needs at £60.7m.</p> <p>The key papers submitted to Schools Forum on 15th January 2020 are provided as appendices for reference:</p> <ul style="list-style-type: none"> • Appendix A.1: DSG Budget Monitor, explaining the latest budget monitoring position for 2019/20. • Appendix A.2: DSG 2020/21, Details the 2020/2021 funding levels, discusses the use of the four DSG blocks in 2020/2021, the results of the consultation held with schools on the Schools Funding Formula for 		

2020/2021 and on transferring funding from Schools Block to High Needs Block and the use of the Central Services Block for 2020/2021, subject to the approval of Schools Forum. Further detail on the High Needs Block and Early Years is provided below. Use of the Schools Block is covered in more detail in Appendix 3.

- **High Needs Block**, The High Needs Block has received a substantial increase in funding (13%) but this block continues to be under pressure. Current spend levels in 2019/20 indicate that the increased allocation will only just cover spending at the same level as this year and does provide any additional funding for historic shortfalls which have in many authorities resulted in deficits in the DSG..

When setting the budget for 2019/20 an additional £2.407m was added, to reflect the level of need estimated for 2019/20. This required the acceleration of funding from 2020/21. The level of funding and forecast spend in 2020/21 mean that this advance funding will not be repaid in 2020/21 but will carry forward to future years and a longer term recovery plan will be required..

Bristol's challenges with performance gaps, attendance and fixed-term exclusions are well known as is the system for supporting city-wide SEND. The pursuit of securing the best outcomes for the most vulnerable and disadvantaged children and young people and the ability to respond to the key findings of the Local Area SEND inspection, needs to be at the forefront of the local authority's work. Bristol is required to produce and deliver a Written Statement of Action in order to address the main findings of the inspection. Integral to this will be the delivery of the Education and Skills improvement programme.

The programme will seek to respond to increasing demand and deliver efficient and effective SEND processes and systems, as well as increase support to schools and develop the skills that underpin effective accessibility and inclusion. A significant proportion of the programme is directly related to High Needs, we are looking to move the permitted amount into the High Needs Block from The Schools Block in order to progress the improvements. The ESFA's Schools Revenue Funding Operational Guide authorises a transfer of up to 0.5% in 2020/21 from the Schools Block to other blocks with Schools Forum approval and this flexibility has been optimised. This fund will need to be held in abeyance subject to further information being presented to the Forum on how the money will actually be spent, and milestone / success measured.

The improvement plan will be co-developed with schools and consider the EQIA and also requirements under the Children and Families Act. The plan will be presented to Schools Forum for endorsement.

- **Early Years Block**, The government funding announcement was delayed as a result BCC were unable to carry out any meaningful consultation about the EYNFF in time for this to be ratified by the Schools Forum or Cabinet. Instead will be continuing all existing rate arrangements and supplements as agreed in the previous consultation (agreed by the Schools Forum in January 2019, p.65) into the financial year 2020/2021 with one exception; Bristol City Council will increase the hourly base rate for Eligible 2 Year Olds by £0.08 (increasing the rate from £5.40 to £5.48 from April 2020) after receiving an £0.08 increase from the Department for Education (i.e. BCC are passing through the full increased rate from the DfE).
- **Appendix A.3: Schools Block** 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. The paper also recommends the creation of a Growth Fund of £2.0m.

In summary, the Schools Budget for 2020/21 is proposed to be as per **Table 1**.

DSG Blocks	Balance brought forward from 2019/20 (forecast) £m	2020/21 DSG £m	Movement between blocks £m	Final DSG budget 2020/21 £m	Estimated spend 2020/21 £m	Carry forward balance at end of 2020/21 £m
Schools block		273.861	(1.369)	272.492	272.492	
De-delegation	(0.414)					(0.414)
Central Services Block		2.719	(0.333)	2.386	2.386	
High Needs Block	3.351	60.674	1.702	62.376	62.376	3.351
Early Years	(1.531)	36.936		36.936	36.936	(1.531)
Total	1.406	374.190	0.000	374.190	374.190	1.406

Cabinet Member Recommendations:

It is recommended that

1. Schools Block (detail in Appendix A.3)

- the Schools Block budget be set at £272.492m for 2020/21, as per Table 1 above, after £1.3m of the overall Schools Block DSG has been transferred to the High Needs Block subject to Schools Forum agreement;
- the basis for distributing the funding to mainstream schools be the basis as preferred by Schools Forum, from the options set out in the Schools Block report to Schools Forum (Appendix A.3)
- the Growth Fund for established schools expanding in September 2020 be set at £2.0m (a component of the total Schools Block budget);

2. Central School Services Block (detail in Appendix A.2)

- Subject to Schools Forum agreement, the Central School Services Block budget is set at £2.386m for 2020/2021, after £0.333m is transferred to the High Needs Block.

3. High Needs Block (detail in Appendix A2)

- The High Needs Block budget be set at £62.376m for 2020/2021 as per Appendix A2, after receiving transfers of £1.702m from other blocks;
- Members note that this level of budget is estimated to lead to a cumulative deficit in the High Needs Block in the region of £3.3m by the end of March 2021.

4. Early Years Block (detail in Appendix A2)

- the Early Years Block budget be set at £36.936m for 2020/2021), noting that spend and DSG income will vary up or down, according to participation levels in each of the three terms;
- Funding for Early Years should be distributed in line with the arrangements explained in report to Schools Forum (Appendix A2)

5. Overall position

- Members note that school balances are expected to be in the region of £4.9m at the end of 2019/2020, with 12 of 70 maintained schools in deficit, and the DSG position is currently expected to overspend by £1.4m for 2019/2020

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

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: Appendix A2 sets out summary information (with reference to the source of more detailed information) on the consultation exercises relevant to this paper:

- Consultation with schools on Schools Block activities for 2020/2021, with respect to transfers, funding formula and de-delegated items.

Revenue Cost	£374.190m	Source of Revenue Funding	Dedicated Schools Grant 2020/2021
Capital Cost	£Nil	Source of Capital Funding	N/A
One off cost <input type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:
<p>1. Finance Advice: The plans for the DSG for 2020/2021 acknowledge that demands upon the High Needs Block exceed the available funding and if spending is as forecast, the deficit on the High Needs part of the DSG would reach £3.4m by the end of March 2021. The recommendations not to repay the brought forward deficit allows the forecast spend to be fully budgeted. This would be the basis of reporting the budget to the Department for Education and would put Bristol in a suitable place should the DfE choose to undertake any sort of re-baselining exercise during 2020/2021.</p> <p>The strategy for addressing the historic deficit and the on-going shortfall in the High Needs DSG is set out. The High Needs Transformation Programme is at an early stage and it is difficult to know what impact this will have on underlying levels of spending (and when). The opportunities for transferring resources between DSG blocks in the future may be fewer than those which have existed previously: growth funding may reduce further in 2021/2022 and the uncommitted central services funding for ceased historic activities is now unwinding. The strategy will need to be kept under review and changes may be needed if the forecast deficit were to grow.</p> <p>Otherwise, the proposals set out are based on the terms and conditions of the Dedicated Schools Grant and the guidance issued by the Department for Education and the Education and Skills Funding Agency.</p>
Finance Business Partner: Travis Young, Principal Accountant 13 January 2020
<p>2. Legal Advice: Consultation has taken place with schools and early years settings and the Schools Forum in relation to the decision to be taken.</p> <p>The responses to the consultation including the report from the Schools Forum must be taken into account by Cabinet when taking the decision. Cabinet should also be satisfied that proper consultation has taken place in that (i) proposals were consulted on are at a formative stage (ii) sufficient reasons have been given for the proposals and (iii) adequate time has been allowed for consideration and response. Appendix B of this report sets out the process that was undertaken and how responses have been taken in to consideration by officers when developing their proposals for final decision.</p> <p>Cabinet must also consider the Public Sector Equality duty which requires the decision maker to consider the need to promote equality for persons with “protected characteristics” and to have due regard to the need to i) eliminate discrimination, harassment, and victimisation; ii) advance equality of opportunity; and iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it.</p> <p>The Equalities Impact Assessment provides an analysis for this purpose and should be carefully considered by Cabinet in making a decision.</p> <p>A decision can be made where there is a negative impact if it is clear that it is necessary, it is not possible to reduce or remove the negative impact by looking at alternatives and the means by which the aim of the decision is being implemented is both necessary and appropriate</p> <p>Cabinet must also have regard to Section 11 of the Children Act 2004 which provides their functions are discharged having regard to the need to safeguard and promote the welfare of children</p>
Legal Team Leader: Nancy Rollason, Head of Legal 13/01/2020
3. Implications on IT: No anticipated impact to IT Services
IT Team Leader: Simon Oliver 13/01/2020
<p>4. HR Advice: As the proposals are set out in the Schools Forum report, there are no current HR implications for Bristol City Council employees. However, once the proposals have been agreed and implementation plans are in place we will need to revisit the plans and assess the impact of any changes to services that may affect our</p>

employees.

HR Partner: Mark Williams 13/01/2020

EDM Sign-off	Jacqui Jensen	13/01/2020
Cabinet Member sign-off	Cllr Craig Cheney / Cllr Anna Keen	13/01/2020
CLB Sign-off	Jacqui Jensen	13/01/2020
For Key Decisions - Mayor's Office sign-off	Mayor's Office	13/01/2020

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