

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 26 January 2021

<b>TITLE</b>	Dedicated Schools Grant 2021/22 Budget Proposals	
<b>Ward(s)</b>	ALL	
<b>Author:</b> Graham Booth	<b>Job title:</b> Finance Manager – Children & Education	
<b>Cabinet lead:</b> Cllr Craig Cheney and Cllr Anna Keen	<b>Executive Director lead:</b> Denise Murray, Director of Finance, Mike Jackson, Executive Director Resources.	
<b>Proposal origin:</b> BCC Staff		
<b>Decision maker:</b> Mayor <b>Decision forum:</b> Cabinet		
<p><b>Purpose of Report:</b> 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 2021/22.</p>		
<p><b>Evidence Base:</b> Officers have presented papers to Schools Forum and have consulted with schools and settings to consider the methodology for distributing the funding available for 2021/22 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 2021/22, following decisions and feedback from their meeting on 13 January 2021.</p> <p>In December 2020, the final allocations of DSG from the ESFA took account of 474 more pupils in October 2020, compared to October 2019, increased funding resulting from this will substantially be needed to fund schools for those extra pupils. The overall increase in the DSG for 2021/22 is £30.2m, but grant funding to cover teachers pay and pension increases will be subsumed into the DSG from 2021/22, and as the 2020/21 value of these grants was £14m the comparable increase in the DSG is £15.9m. The Growth Fund allocation of £2.3m for 2021/22 is further reduced from the 2020/21 allocation of £2.6m, 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 £67.5m.</p> <p>The key papers submitted to Schools Forum on 13 January 2021 are provided as appendices for reference:</p> <ul style="list-style-type: none"> <li>• <b>Appendix A1: DSG Budget Monitor</b>, explaining the latest budget monitoring position for 2020/21.</li> <li>• <b>Appendix A2: DSG 2021/22</b>, Details the 2021/22 funding levels, discusses the use of the four DSG blocks in 2021/22, the transfer of funding from Schools Block to High Needs Block and the use of the Central Services Block for 2021/22. 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 A3.</li> <li>• <b>High Needs Block</b>, The High Needs Block has received another substantial increase in funding (9%) but this block continues to be under pressure. Current spend levels in 2020/21 indicate that the increased allocation will not cover spending at the same level as this year and does provide any additional funding for historic</li> </ul>		

shortfalls which have in many authorities resulted in deficits in the DSG.

For the 2020/21 budget £1.309m was transferred from the Schools Block to the High Needs Block, and this funding is being used to partly fund the Education Transformation Programme. The main aim of this programme is to address the findings of the OFSTED inspection and deliver the commitments in the Written Statement of Action. Schools Forum have again agreed to a similar transfer for 2021/22, this funding will not be used to support general High Needs activities but will be used to support the continuing High Needs transformation programme. This amount would be ring-fenced for this purpose and there will be clear and transparent reporting to Schools Forum on the use of this money. The continuation of the Transformation Programme will be focused on the continuing improvement in SEND provision, in response to the Written Statement of Action, and addressing the deficit in the High Needs Block. Work has also started on completing the DSG Deficit Management Plan which will be presented to Schools Forum and Cabinet in due course. The ESFA's Schools Revenue Funding Operational Guide authorises a transfer of up to 0.5% (after protection of the teachers pay and pension grant funding) in 2021/22 from the Schools Block to other blocks with Schools Forum approval and we are utilizing this flexibility, with a proposed transfer of £1.400m into the block. As in 2020/21 this fund will 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 contained details of the rates of funding that will be received, with no change in the rate for 3 & 4 year olds and an 8p increase in the rate for 2 year olds. This means that the rate paid to providers will remain the same for 3 & 4 year olds and the rate for 2 year olds will increase from £5.48 to £5.56 (ie BCC are passing through the full increase received from the DfE). We will continue to use the existing deprivation supplement, use System leadership for the quality supplement and maintain the increased EY SEN rate for 2021/22. The allocation and budget for Early Years is still indicative at this stage as the majority of funding is based on census data from January 2021 and January 2021, so the actual amounts will be updated through the year.
- **Appendix A3: 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 2021/22 is proposed to be as per **Table 1**.

<b>DSG Blocks</b>	<b>Balance brought forward from 2020/21 (forecast) £m</b>	<b>2021/22 DSG allocation £m</b>	<b>Movement between blocks £m</b>	<b>Final DSG budget 2021/22 £m</b>	<b>Estimated spend 2021/22 £m</b>	<b>Carry forward balance at end of 2021/22 £m</b>
Schools block	(0.174)	297.264	(1.400)	295.864	295.864	(0.174)
De-delegation	(0.464)					(0.464)
Central Services Block		2.774	(0.147)	2.627	2.627	0.000
High Needs Block	11.705	67.506	1.547	69.053	70.738	13.390
Early Years	0.381	37.185		37.185	37.185	0.381
<b>Total</b>	<b>11.448</b>	<b>404.729</b>		<b>404.729</b>	<b>406.414</b>	<b>13.133</b>

**Cabinet Member Recommendations:**

**It is recommended that****1. Schools Block (detail in Appendix A.3)**

- a. the Schools Block budget be set at £295.864m for 2021/22, as per Table 1 above, after £1.4m of the overall Schools Block DSG has been transferred to the High Needs Block, this was agreed by Schools Forum on 13 January 2021;
- b. the basis for distributing the funding to mainstream schools be as set out and agreed by Schools Forum (Appendix A.3)
- c. the Growth Fund for established schools expanding in September 2021 be set at £2.0m ( a component of the total Schools Block budget);

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

- a. Following Schools Forum agreement, the Central School Services Block budget is set at £2.627m for 2021/22, after £0.147m is transferred to the High Needs Block.

**3. High Needs Block (detail in Appendix A2)**

- a. The High Needs Block budget be set at £69.053m for 2021/22 as per Appendix A2, after receiving transfers of £1.547m from other blocks;
- b. Members note that this level of budget is estimated to lead to a cumulative deficit in the High Needs Block in the region of £13.4m by the end of March 2022.

**4. Early Years Block (detail in Appendix A2)**

- a. the Early Years Block budget be set at £37.185m for 2021/22, noting that spend and DSG income will vary up or down, according to participation levels in each of the three terms;
- b. Funding for Early Years should be distributed in line with the arrangements explained in report to Schools Forum (Appendix A2)

**5. Overall position**

- a. Members note that individual school balances are expected to be in the region of £3.9m at the end of 2020/21, with 17 of 67 maintained schools in deficit, and the DSG position is currently expected to overspend by £8.6m for 2020/21.

**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:**

- Consultation with schools on Schools Block activities for 2021/22, with respect to transfers, funding formula and de-delegated items took place in October 2020 and the results of this informed the Schools Forum discussions in November 2020.
- Early Years settings were consulted on the basis of the EYNFF in December 2020, and results were considered at Schools Forum on 13 January 2020 when agreeing the EYNFF rates and Early Years Block budgets for 2021/22.

<b>Revenue Cost</b>	<b>£404.729m</b>	<b>Source of Revenue Funding</b>	Dedicated Schools Grant 2021/22
<b>Capital Cost</b>	<b>£Nil</b>	<b>Source of Capital Funding</b>	N/A
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input checked="" type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:****1. Finance Advice:**

The plans for the DSG for 2021/22 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 £13.4m by the end of March 2022.

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 mandatory Deficit Management Plan, which is in production, will set out how the deficit will be managed and reduced in the longer term. 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 2022/23 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.

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.

**Finance Business Partner:** Graham Booth, Finance manager 14 January 2021

**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.

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.

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.

The Equalities Impact Assessment provides an analysis for this purpose and should be carefully considered by Cabinet in making a decision.

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

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

**Legal Team Leader:** Nancy Rollason, Head of Legal 18/01/2021

**3. Implications on IT:** No anticipated impact to IT Services.

**IT Team Leader:** Simon Oliver 19/01/2021

**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 employees.

**HR Partner:** Lorna Laing 20/01/2021

<b>EDM Sign-off</b>	Jacqui Jensen	
<b>Cabinet Member sign-off</b>	Cllr Craig Cheney / Cllr Anna Keen	18/01/21
<b>CLB Sign-off</b>	Jacqui Jensen	
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	18/01/21

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
<b>Appendix A – Details of consultation carried out - internal and external</b>	<b>YES</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>

<b>Appendix E – Equalities impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>NO</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Combined Background papers</b>	<b>NO</b>
<b>Appendix J – Exempt Information</b>	<b>NO</b>
<b>Appendix K – HR advice</b>	<b>NO</b>
<b>Appendix L – ICT</b>	<b>NO</b>