

Bristol Schools Forum
Dedicated Schools Grant (DSG) 2023/24

Date of meeting:	12 January 2023
Time of meeting:	5.00 pm
Venue:	Virtual Meeting

1 Purpose of report

- 1.1 To give an overview on the DSG for 2023/24 and seek ratification of the Schools Forum on the block allocations which were agreed in principle at the last meeting.
- 1.2 To seek agreement on the EYNFF, following consultation with settings.
- 1.3 The LA must seek Schools Forum approval for Central Services spend, except for the item relating to school licences which must be repaid to the DfE on behalf of all maintained schools and academies.

2 Recommendation

- 2.1 **Schools Forum is invited to:**
 - a) **note 2023/24 funding levels.**
 - b) **approve final transfers between blocks.**
 - c) **approve the EYNFF.**
 - d) **provide feedback, as appropriate, to Cabinet and Council, for their consideration in making final decisions on the Schools Budget for 2023/24.**
 - e) **agree Central School Services Block allocations**
 - LA Core Functions £1.171m (as per Appendix 1);
 - School Admissions £0.575m;
 - Schools Forum £0.023m;
 - Combined Services £0.477m (as per Appendix 2).

3 Background

- 3.1 Schools Forum considered the emerging position on the DSG for 2023/24 at its meetings in September and November 2022 and agreed any spare funding could be transferred to the High Needs Block from the Schools Block. This 0.5% fund will be ringfenced to support the continuation of the Education transformation journey and emphasis of the sustainability of the

High Needs Block. These recommendations were made following consultation with schools.

- 3.2 The final data and allocations from the Education and Skills Funding Agency (ESFA) were released on 16 December 2022 and the results of both events have informed this report.

4 DSG 2023/24

- 4.1 The funding in the DSG is primarily generated by pupil numbers from the October census. The 2022 censuses recorded 35,001 primary pupils, so the primary age population decreased by a further 359 (or 1.0%) from 35,360.0 in October 2021; showing a continuing decline in primary age population since 2019. (*which fell by 283 (or 0.78%) between October 2020 and October 2019*). Secondary age pupil numbers continue to increase, with October 2022 counting 21,376.17; an increase of 797.17 (3.9%) from October 2021. This also continues the trend from October 2020 (recorded an increase of 757 (3.95%) from Oct 2019). Funding per pupil has also increased (by 4.5% for primary and 5.6% for secondary) over the 2022-23 levels. The overall increase in the DSG is £29.838m or 7.0% giving a total DSG of £453.226m.
- 4.2 Table 1 shows the funding allocations in each block for 2023/24 compared to the final allocations for 2022/23.

Table 1 - DSG blocks	2022/23 DSG allocation as at Nov22	DSG 2023/24 allocation**	Increase	Change
	£m	£m	£m	%
Schools Block**	306.192	325.478	19.287	+6.3%
Central School Services Block	2.742	2.717	(0.025)	-0.9%
High Needs Block	78.466	86.504	8.038	+10.2%
Early Years Block	35.987	38.526	2.539	+7.1%
Total	423.388	453.226	29.838	+7.0%

**This does not include Mainstream Schools Additional Grant (MSAG) 2023-24 government announced on 16th December 2022 where indicative allocation to Bristol is £10.749m. The LA will update the Forum once School Level allocations is confirmed by ESFA in Spring 2023. Further details is available in Appendix 3 which will be incorporated into 2024/25 funding formulae.

- 4.3 **Central Services Block.** This block is funded in two parts, for ongoing and historic responsibilities. The funding for historic commitments has been reduced again by 20% (£0.119m) from £0.596m to £0.477m. It remains an aim of ESFA to withdraw this funding over time. The historic responsibilities' part supported two areas: contribution to Combined Services and Prudential Borrowing. The prudential borrowing element has not been required for some time, so the LA has maintained the contribution to combined services at £0.477m.
- 4.4 The 2023-24 allocation for historic responsibilities is £0.477m, so the LA needs to trim the contribution to combined services by £0.119m with no spare element to transfer to high needs or elsewhere.
- 4.5 **High Needs Block.** The High Needs Block has received another substantial increase in funding of £8.038m or 10.2% but this block continues to be under pressure. Current spending levels in 2022/23 indicating the increased allocation in 2023/24 will not cover current year forecast shortfalls and will not provide any additional funding for historic deficits.
- 4.6 High Needs Block (HNB) forecast in-year spend in 2022/23 is £18.175m over budget based on forecasted need.

Table 2 shows the HNB forecast position for 2022/23 and 2023/24 highlighting the ongoing deficit position. In this table the spend for 2023/24 has been projected as per the latest mitigated DSG Management Plan but there is a risk that this will change depending on the upward pressures of rising need and rising costs against planned mitigations in this block.

	2022/23	2023/24
Table 2 - High Needs Block Forecast as at Period 8 (November 2022)	£m	£m
Latest Block Allocation	78.466	86.504
Transfer from CSSB	0	0
Transfer from Schools Block	1.531	1.627
Total Block Funding	79.997	88.131
Forecast Spend	96.641	105.121
Education Transformation spend	2.271	1.627
Total Spend	98.912	106.752
In year over/(under) spend	18.175	18.621
Opening Balance b/f	25.618	44.533
Closing Balance c/f	44.533	63.154

In spite of allocation of £8.0m additional funding in 2023/24, whilst welcomed this is still outstripped by increase in EHC plan currently at 17.3%. As a result, a forecasted deficit of £63m in 2023/24 DSG.

It should be noted that 2023/24 mitigations have not been included in the above Table. It has been further developed in conjunction with DBV Programme. (See Appendix A for further information) It is estimated that improved outcome could reduce £12.6m from our costs over 5 year period, and this will be further explored in 2023/24 and fully consulted before implementation.

- 4.7 For the 2023/24 budget £1.6m (0.5%) was transferred from the Schools Block to the High Needs Block with agreement from the Forum, and this funding will be ringfenced for supporting the Education transformation activities with the aim to address the findings of the OFSTED inspection and deliver the commitments in the Written Statement of Action in a sustainable manner.
- 4.8 Department of Housing, Communities and Local Government (DHCLG) has agreed an extension of Statutory override for further three years (now ends in March 2026) to allow HN mitigations / transformations to be implemented.
- 4.9 **Schools Block** Details on this block are covered in a separate paper on this agenda.
- 4.10 **Early Years Block.** The allocation is still indicative at this stage as the majority of the funding in this block is based on census data throughout the year, so the actual amount will be updated by ESFA once these later participation census figures are known.
- 4.11 The release of the block allocations also included the first indication of the hourly rates for 2023/24. For 3 & 4 year old the hourly rate will increase by 6p or 1% to £5.75 from £5.69 in 2022/23. The 2 year old rate will increase by 9p or 1.6% to £5.89. This will mean a likely real-term reduction in funding for both year groups as cost of living pressure outstrips increase in funding levels per pupil. These are the rates used to calculate funding to the LA, the rates paid to providers are outlined in section 5 of this report.
- 4.12 The Maintained Nursery School supplementary funding will increase to £3.80 per hour; this is equivalent to an indicative increase of £1.855m in funding based on part-time participation number of 1,154 for 15 hours per week 38 weeks per year.
- 4.13 The Teachers Pay and Pensions Grants (TPPG) will be moved from the Schools Block to the Early Years Block from 23/24 in line with the results from the DfE EYNFF Consultation outcomes. The EY Team confirm that no funding will be retained and the same payments to schools and academies will continue through the payment workbook.

4.14 **Overall position.** Table 3 shows the effect on the block funding position and outlines the 2022/23 Budget, it also shows the forecast carry forward amounts against each block.

Table 3: Forecast block budgets after movements between blocks and carry forward amounts.

Table 3 - DSG Blocks	Balance brought forward from 2022/23 (forecast) £m	2023/24 DSG allocation £m	Movement between blocks £m	Final DSG budget 2022/23 £m	Estimated spend 2023/24 £m	Carry forward balance at end of 2023/24 £m
Schools block	(0.557)	(325.478)	1.627	(323.851)	323.851	(0.557)
De-delegation	(0.504)			(0)	0	(0.504)
Central Services Block	0.008	(2.717)	0	(2.717)	2.709	0
High Needs Block	44.533	(86.504)	(1.627)	(88.131)	106.752	63.154
Early Years	(0.004)	(38.526)		(38.526)	38.743	0.213
Total	43.475	(453.226)	0.000	(453.226)	472.056	62.306

Note: Estimated spend 2023/24 in CSSB is £0.008m less than DSG budget allocation to balance the legacy deficit in the Block back to zero; and Early Year's Estimated spend 2023/24 including £0.217m in EY & Nurseries Improvement Programmes.

5 EYNFF

The rates outlined in section 4.10 are those which generate funding to the LA. There have been no significant changes in the guidance regarding how local authorities must distribute funding to providers but there is still a requirement to consult with providers prior to setting rates. EY proactively began their provisional local consultation in mid November 2022 and final results are summarised in Table below:

Table 4: EYNFF Consultation (83 responses out of 347)

Question	% Agree	% Disagree
2YO Base Rate – pass full 9p onto providers	67	33
3 and 4YO Base rate – pass full 6p onto providers	47	53
3p Retention of 2YO Base for 6 x extra places	82	18
Estimated payments (70% up front)	88	12
Deprivation supplement methodology	93	7
Quality supplement methodology (Lead Teachers)	87	13
EY SEN - maintain the current rate	70	30

5.1 The 3 & 4 year olds funding rate will increase by 6p to £5.75 per hour (excluding 5p designated for Teachers Pay and Pension Grant), the base rate to providers will be increased by 6p to £4.94. We will also maintain the

same levels of supplements, SEN rates and the same proportion of central funding.

- 5.2 For 2 year olds the rate will increase by 9p to £5.89 per hour. It is intended that we will pass on this increase in full to providers meaning their rate increases from £5.77 to £5.86, with the same £0.03 retained for central administration.

6 Central School Services Block (CSSB)

- 6.1 The purpose of the CSSB is to provide funding for the statutory duties the LA hold for both maintained schools and academies. The CSSB brings together:
- funding previously allocated through the retained duties element of the Education Services Grant (ESG)
 - funding for ongoing central functions, such as admissions, previously top-sliced from the schools block
 - residual funding for historic commitments, previously top-sliced from the schools block
- 6.2 The LA must still seek Schools Forum approval for Central Services spend, apart from the item relating to school licences which must be repaid to the DfE on behalf of all maintained schools and academies.
- 6.3 **CSSB Budget proposals.** The CSSB allocation for 2023/24 is £2.717m. This total is composed of two distinct components: on-going functions (£2.240m) and historic commitments (£0.477m). The on-going functions element has increased by 4.4% or £0.094m to £2.239m, from £2.146m in 2022/23. Of the historic commitments, this funding is insufficient to support the contribution to combined services at the previous level, and as such leaves no element to transfer to high needs or elsewhere. Table 5 shows the funding and proposed 2023/24 budgets.

Table 5: Composition of Central School Service Block Allocations:

Type of funding	Component	DSG Allocation 2022/23 £'000	2022/23 budget £'000	DSG Allocation 2023/24 £'000	Proposed 2023/24 budget £'000	% change from 2022/23 budget
Formulaic	LA Core functions	1,139	1,139	1,175	1,171	+2.8
Formulaic	School Admissions	557	557	575	575	+3.2
Formulaic	School Licences	312	312	348	348	+11.5
Formulaic	Schools Forum	23	23	23	23	-
Formulaic	Pay & Pension – Centrally employed teachers	115	115	119	115	-
Historic	Combined Services	596	596	477	477	-20.0

Historic	Prudential Borrowing	0	0	0	0	-
Total		2,742	2,742	2,717	2,709	-0.9

Note: proposed 2023/24 budget is £0.008m less than DSG allocation to balance the £0.008m legacy deficit back to zero in CSSB.

- 6.4 **LA Core Functions £1.171m.** Appendix 1 sets out the functions and services that may be included in the LA Core functions budget. The relevant costs for Bristol have been included against these line items. For 2023/24 it is proposed to inflate each item by 2.8% to reflect inflationary pressure across all spending items.
- 6.5 **Admissions £0.575m.** The only change to this budget is that arising from the increase in CSSB generally, due to pupil number and rate increases.
- 6.6 **School Licences £0.348m.** The DfE requires the Authority to pay licences on behalf of all maintained schools, academies and free schools in Bristol, to avoid the administration of delegating funding to and recovering the money from each school. The amount for 2023/24 has been advised as £0.348m. There is no requirement for Schools Forum to specifically approve this line of the budget.
- 6.7 **Schools Forum £23k.** This funding is used to support the writing of papers, clerking and hosting the meetings. It is proposed that this allocation remain at the 2021/22 level.
- 6.8 **Pay and Pensions – Centrally Employed Teachers.** The last budget increase was in 2021-22, where allocation has been uplifted by the 5.8% growth in the on-going services element of the CSSB which is financially unrealistic given the cost of living pressure.
- 6.9 **Combined Budgets. Appendix 2** details the analysis of the £0.477m for Combined Services, which Schools Forum has agreed in the past and it is proposed for agreement again for 2023/24. However, many of these costs are increasing and 20% reduction in funding has been distributed equally across all functions.

Appendix 1 – CSSB LA Core Functions:

Category	Component permitted to be funded from central DSG, subject to Schools Forum agreement	BCC proposal	Amount 2023/24 £'000	Amount 2022/23 £'000
Statutory & Regulatory	<ul style="list-style-type: none"> Director of children's services and personal staff for director (Sch 2, 15a) Planning for the education service as a whole (Sch 2, 15b) 	Central budgets for education planning that are not already charged to Combined Budgets or elsewhere in the DSG.	107	104
Statutory & Regulatory	<ul style="list-style-type: none"> Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22) Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c) Formulation and review of local authority schools funding formula (Sch 2, 15d) 	Accounting and finance staff directly supporting education budget setting and funding for all schools.	269	262
Statutory & Regulatory	<ul style="list-style-type: none"> Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e) 	Estimated cost of internal audit time.	28	27
Statutory & Regulatory	<ul style="list-style-type: none"> Consultation costs relating to non-staffing issues (Sch 2, 19) Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f) 	Estimated cost of public consultation on service development (eg High Needs) and collaborative working.	88	84
Statutory & Regulatory	<ul style="list-style-type: none"> Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17) 	Current budget for SACRE.	13	10
Statutory & Regulatory	<ul style="list-style-type: none"> Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21) 	Legal Services staff support.	65	64
Education Welfare	<ul style="list-style-type: none"> Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20) School attendance (Sch 2, 16) Responsibilities regarding the employment of children (Sch 2, 18) 	Current budget for Education Welfare.	420	410
Asset Management	<ul style="list-style-type: none"> Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a) General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b) 	Current budget for education property management and capital programme monitoring.	181	178
TOTAL STATUTORY / REGULATORY FUNCTIONS OF LA			1,171	1,139

Appendix 2 – CSSB Combined Services Budget:

Service	Total 2023/24 £'000	Total 2022/23 £'000
Director of Education and Skills	96	119
Equalities	36	45
Governor Support	17	21
HR	20	25
Primary Services	142	178
Pupil Census	28	35
School Place Planning	72	90
Secondary Services	66	83
Grand Total	477	596

Appendix 3 Mainstream Schools Additional Grant 2023-24:

The 2022 Autumn Statement announced that the core schools budget will increase by £2 billion in the 2023 to 2024 financial year, over and above totals announced at the Spending Review 2021.

In the 2023 to 2024 financial year, mainstream schools will be allocated additional funding through the mainstream schools additional grant (MSAG) 2023 to 2024.

The MSAG will allocate funding to state-funded mainstream schools only. The MSAG will fund the following providers, for the 5 to 16-year-old age range:

- primary and secondary maintained schools
- primary and secondary academies and free schools
- all-through maintained schools
- all-through academies
- city technology colleges

This is in addition to schools' allocations through the schools national funding formula. Indicative allocation for Bristol is £10.749m, final School Level allocation will be confirmed in Spring 2023. Funding for maintained mainstream schools will be paid to local authorities and passported to individual schools at the published rates. Funding due to mainstream academies will be paid directly to mainstream academies by ESFA.

Local authorities and academies will receive their payments for 2023 to 2024 in 2 tranches. Payments will be made in May 2023 for local authorities, and June 2023 for academies, to cover April 2023 to August 2023; and in October 2023 for local authorities, and November 2023 for academies, to cover September 2023 to March 2024.

In addition to the MSAG, local authorities have been allocated £400 million additional high needs funding for 2023 to 2024, on top of their high needs national funding formula allocations. This element (Bristol uplift of £3m) has been included within High Needs amount as part of 2023-24 DSG funding announcement published in December 2022.

Further information is available via link: [Mainstream schools additional grant 2023 to 2024: methodology - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/mainstream-schools-additional-grant-2023-to-2024-methodology)

APPENDIX A							
Draft indicative Mitigations Proposals (subject to change)							
Note : Figures are indicatives annual expenditure reduction could be subject to change following consultation and further due diligence							
CM ref	Schemes	Indicative Completion Dates	A	B	C	D	E
			23/24	24/25	25/26	26/27	27/28
			£0	£0	£0	£0	£0
A1	Specialist Provision Create 330 specialist places in special and mainstream schools to meet current and future projected demand	Sep-24	0	2,458,342	4,214,300	4,214,300	4,214,300
A2	Capital Investment in existing specialist settings To expand and modernise existing special school provision to create an additional 108 specialist places (contributes 450 places committed through Mayoral Pledge).	Sep-24	1,403,000	1,403,000	1,403,000	1,403,000	1,403,000
A3	Expansion of Supported Living (Project Rainbow) To build a 12-bed education residential centre to support preparation for adulthood	Sep-24	0	576,000	576,000	576,000	576,000
TOTAL			£1,403,000	£4,437,342	£6,193,300	£6,193,300	£6,193,300
B1	Review of HNB Element 3 Non-Statutory 'top-up' Funding To conduct a review of existing Non-Statutory Top-Up process where schools can apply for funding to support additional needs without having to request an Education, Health & Care Needs Assessment.	Dec-22	1,693,002	2,031,603	2,370,203	2,708,804	2,708,804
B2	Needs Matrix for Non-Statutory Top Up Funding Application The new process will use a web-portal and be more transparent and equitable about how non-statutory top-up funding is calculated and allocated. There is potential to extend the Matrix to statutory funding.		0	0	0	0	0
TOTAL			£1,693,002	£2,031,603	£2,370,203	£2,708,804	£2,708,804
C4	Belonging with SEND Programme. Using the funding allocated by Bristol Schools Forum, the programme aims to reduce the number of exclusions in Bristol and improve attendance and attainment of children with SEN. The programme will do this by supporting schools/settings to deliver sustainable evidence-based interventions, improve skills and knowledge, and pilot the use of specialist equipment.	Sep-23	0	0	0	0	0
C5	Workforce Development Plan and Delivery. The Bristol Local Area to have a well-trained workforce, able to identify and respond to need at the earliest point.		232,178	234,802	237,330	237,330	237,330
C6	School Improvement offer for SEND. To develop the School Improvement offer for schools (utilising recent redeployed staff) to focus on improving provision at the school-based stages of the Code of Practice.		0	378,000	378,000	378,000	378,000
TOTAL			£232,178	£612,802	£615,330	£615,330	£615,330
D2	Therapies Framework. The aim is to ensure therapies mainly associated with Education, Health & Care Plans are appropriate and reach quality assurance standards. Implementation of a Preferred Provider List model is estimated to deliver a 10% reduction in spend per year over 5 years when compared to the previous procurement approach	Sep-22	300,000	300,000	300,000	300,000	300,000
D3	ALP Commissioning Framework. ALP Commissioning Framework To ensure that children and young people's needs are met by receiving Alternative Learning Provision which has been quality assured and is commissioned through a framework. The new contract is able to limit price increases from providers		0	0	0	0	0
TOTAL			£300,000	£300,000	£300,000	£300,000	£300,000
E1	Statutory Top-Up Standardisation. To review the statutory funding system in line with other local authorities and implement a standardised banding and process which ensures statutory funding aligns with need.		0	2,113,947	2,852,598	3,591,249	3,591,249
TOTAL			£0	£2,113,947	£2,852,598	£3,591,249	£3,591,249
F1	Review of 18 to 25 Education, Health & Care Plan Top Up Funding. To review funding to ensure it is in line with statutory requirements.	Sep-24	0	1,495,558	1,794,669	2,093,781	2,093,781
F2	Review Post-16 Out of Authority. To review out of authority post-16 provision to inform and develop more cost-effective local options.		0	0	0	0	0
TOTAL			£0	£1,495,558	£1,794,669	£2,093,781	£2,093,781
G2	Reduction in use of ALP. As a result of the ALP Improvement Plan and service improvement activity, the aim is to see a reduction in the use of ALP over time.		215,000	215,000	215,000	215,000	215,000
TOTAL			£215,000	£215,000	£215,000	£215,000	£215,000
TOTAL MITIGATIONS			£3,843,180	£11,206,252	£14,341,100	£15,717,463	£15,717,463
Less Programme Optimuim Bias (20%)			-£768,636	-£2,241,250	-£2,868,220	-£3,143,493	-£3,143,493
RISK ADJUSTED DRAFT MITIGATIONS			£3,074,544	£8,965,001	£11,472,880	£12,573,970	£12,573,970