

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report updates Members on the position of the Dedicated Schools Grant for the 2020/21 financial year. This is a main reference document for this meeting.

Date (s) of any Previous Discussion at the Forum

The DSG's position for 2020/21 has begun to be considered within the consultation items presented in the autumn term. However, this is the first indicative summary to be presented.

Background / Context

Our DSG allocation in 2020/21 will be split into four blocks (in descending size order):

- Schools Block – funding mainstream Primary & Secondary school and academy formula allocations, School Block de-delegated items (maintained schools) and Growth & Falling Rolls Funds. c. £437m
- High Needs Block – funding provision for children and young people with needs valued at greater than £10,000 (or £6,000) per annum, including Special schools, PRUs and Post 16 students in Further Education Colleges as well as support services. c. £81m
- Early Years Block – funding the Early Years Single Funding Formula and centrally managed items relating to early years provision (the 2, 3 and 4 year old entitlements). c. £44m
- Central Schools Services Block – established at April 2018 to fund items previously 'collected' via 'top-slice' within the Schools Block, including pupil admissions, copyright licensing and other local authority statutory duties (transferred from the Education Services Grant). c. £3m

Each of these four blocks has a National Funding Formula (NFF) basis, which includes protection (for losers) and damping (for winners) as the DSG system moves towards the fuller implementation of NFF over time. 2020/21 is the third year of implementation of the NFF distribution under these protected / damped arrangements.

Although the DSG is split into four separate blocks, Forum Members should continue to recognise the inter-connectivity and inter-dependency that exists, especially between the High Needs Block and the Schools and Early Years Blocks.

There are elements that will be confirmed during 2020, including Early Years Block funding and adjustments to the High Needs Block for imports and exports between authorities.

The Schools Forum has established the general principle of the 'ring-fencing' of the blocks, meaning that the spending pressures and funding adjustments relating to each block are contained within that block. As set out in Document LH, the Authority continues to apply the principle of block ring-fencing, informally, to the management of carry forward balances held at the end of each financial year.

The Schools Block is formally ring-fenced in Regulations. Authorities are permitted to transfer a maximum of 0.5% of the Schools Block to the High Needs Block (or another of the blocks) with the approval of the Schools Forum. Larger transfers must be approved by the Secretary of State. This means that 99.5% of Schools Block monies must be spent on Schools Block activities.

The Regulations also require a pass through of 95% of the Early Years Block 3 & 4 year old funding into the funding rates for 3 & 4 year old providers (including EYIF). This has the effect of limiting the value of the centrally managed budget within the Early Years Block as well as restricting the value of the EYB that can be transferred to other blocks.

There are no formal 'ring-fencing' restrictions set in the Regulations for the Central Schools Services Block or the High Needs Block.

Details of the Item for Consideration

Appendix 1 provides a detailed position statement of the 2020/21 DSG Planned Budget calculated using a mixture of known actuals and estimates. The headlines are:

- ROW C - We estimate we will receive £29.080m more DSG funding in 2020/21 vs. 2019/20:
 - £17.140m of this is within the Schools Block, of which £11.548m is NFF driven per pupil funding growth (+2.88% primary; +3.21% secondary). The remainder comes from increased pupil numbers in the secondary phase, with some smaller adjustments relating to BSF, pupil mobility and growth.
 - £11.472m of this is within the High Needs Block, of which £11.180m is the result of NFF increase (the capped increase of 17% per pupil) and £0.400m from increased numbers in special schools.
 - £0.481m of this is within the Early Years Block, from the NFF increase in rates of funding (+1.31% 3&4 year olds; +1.54% 2 year olds).
 - Our Central Schools Services Block allocation is basically cash flat, with the increase resulting from greater pupil numbers and the NFF uplift (+1.94%) being offset by the reduction in the funding of historic commitments from 100% to 80%.
- ROW D – the 2020/21 Planned Schools Budget is calculated assuming the proposals put forward for formula funding arrangements that are set out in other reports presented to this meeting, and listed in Document LK, are fully implemented. Members are asked to refer to sections U and V of Appendix 1 for more detail on the changes in expenditure that have been calculated or estimated at this time.
- ROW E - Unlike for 2019/20, there is no general 'safety net' provision within the 2020/21 High Needs Block planned budget to cover unexpected or higher than estimated costs or to provide a 'schools in financial difficulty' pot. It is expected that these costs, where present, will be met from the High Needs Block surplus balance carried forward from 2019/20.
- ROW F – Confirming for transparency and compliance purposes that no value of the DSG allocation is being used to write off a deficit balance (in centrally managed funds) carried forward from 2019/20.
- ROW G – Prior to the allocation or retention of one off monies, and the transfer of budget between blocks, it is estimated that the 2020/21 DSG allocation will be over spent in total by £0.375m, with this position by Block resolved to £0 by the adjustments shown in ROWS H to L, as follows:
 - Schools Block: The allocation of £0.427m of discrete reserve for the agreed financial support model for Beckfoot Upper Heaton Academy. A transfer to reserve of £0.540m budget headroom related to Primary £GUF funding to reserve (held within Row N).
 - High Needs Block: A transfer in of £0.074m headroom from the Central Schools Services Block.
 - Early Years Block: An estimated £0.488m of brought forward balance allocated to uplift and protect the EYSFF universal base rate for 3&4 year olds. As proposed in our consultation.
 - Central Schools Services Block: a transfer out of £0.074m headroom to the High Needs Block.
- ROW K – in 2019/20 a sum of £0.800m was allocated from the Authority's base budget to the High Needs Block in support of the subsidised SEND teaching support services. This contribution has been removed in 2020/21 in response to the significant increase in DSG High Needs Block funding.
- ROW M – We estimate that a total value of £21.060m of balances will be carried forward from 2019/20.
- ROW N - Following the adjustments set out in rows I and J of Appendix 1, we estimate that a total value of £20.685m of balances will be carried forward from 2020/21. This value is prior to the release of any delegated funds balance in the Schools and Early Years Blocks during 2020.
- To emphasise some other aspects of the 2020/21 Planned Budget for the awareness of Forum Members:
 - There is no transfer of Schools Block budget to the High Needs Block. There is an £0.540m under spending, which is proposed to be retained in specific reserve for use in 2021/22.
 - The additional cost of a +2.34% MFG vs. +1.84% MFG in the Schools Block is £0.955m.
 - The planned budget ROW D for the Early Years Block continues includes the 'benefit' from our profile of hours delivery ('delivery lag'). We continue to anticipate that we will be funded at DSG level (based on January 2020 and 2021 censuses) for a larger number of hours than providers will deliver across the 3 terms (that the number of hours delivered in the summer term 2020 will be higher than January 2020 but that the additional cost of this will be more than offset by the number of hours delivered in autumn term 2020 being lower than the following January 2021). This position will continue to be monitored.
 - The planned budget ROW D for the Schools Block and the High Needs Block continues to include expenditure in relation to the DSG's support for the PFI (BSF) Affordability Gap on the same basis as it did in 2019/20 i.e. taking the 2019/20 contribution and uplifting for RPIX. The total contribution is £7.383m in 2020/21.
 - There are a number of structural budget changes made within the High Needs Block and these are explained in the following section.

Details of the Item for Consideration

High Needs Block – 2020/21

Section V in Appendix 1 provides a breakdown of the 2020/21 High Needs Block planned budget. This is calculated on the existing cost base plus estimates of growth in need and the cost of our proposed amended high needs formula funding arrangements. Members are reminded that:

- High Needs Block expenditure is more difficult to predict than that in other blocks as it is more subject to changes during the year. This difficulty is especially present currently due to the significant amount of structural change that is being delivered. The Local Authority, with the Schools Forum's support, has always taken a prudent approach in setting the initial budget.
- There is no un-earmarked contingency (safety net) within the 2020/21 planned budget. There is provision of £2.000m for the potential additional on-going cost of the new proposed EHCP banded model. We also estimate a carry forward balance of £11.098m at 31 March 2020, which will be used to meet any unexpected costs as well as transitional costs that are one off or short term in nature.
- As summarised in Document LE, the additional cost to the 2020/21 High Needs Block planned budget of the changes proposed to our high needs funding model is estimated to be £5.428m. £5m of this cost is related directly to the implementation of the proposed new EHCP funding model. Including the £2m contingency, it is estimated that these proposed changes will allocate in the region of 47% of the additional NFF-led High Needs Block monies we have been allocated in 2020/21.
- A list of the places that the Authority plans to commission in 2020/21 in Bradford located specialist settings is presented at Document LE Appendix 2. This includes an additional 100 places (£1.46m) to be newly established / commissioned during 2020 in addition to the 354 developed from 2019.
- Following the approach taken in previous years to the construction of the planned budget, specifically the estimate of the cost of top up funding, we have assumed that our established specialist provisions will be fully occupied across the 2020/21 financial year. Occupancy does fluctuate during the year and this has contributed to a level of under-spend in the High Needs Block in 2019/20. However, it is difficult to quantify the extent of fluctuation in occupancy that will be present in the coming year and it is prudent to assume that this will not have a significant cost impact, especially as typically in previous years some of the reduction in spending due to fluctuating occupancy has been used to meet additional cost from the growth in level of need of pupils.

Section U in Appendix 1 highlights the changes in spending planned in 2020/21 compared against 2019/20.

Appendix 3 of Document LE links to this information to show at individual provider level how the 2020/21 and 2019/20 planned budgets have been constructed and the differences between them.

Appendix 2 to this document seeks to give Forum Members a view about the trajectory of our High Needs Block over the medium term. Although substantially estimated, this continues to indicate the expected on-going growth in cost, which, if not matched by additional High Needs Block income allocated by the DfE, will result in over-spending.

The 2020/21 High Needs Block planned budget incorporates a financial response to the following structural changes in the delivery of provision:

- The further development and expansion of new Local Authority-led resourced provisions in mainstream primary and secondary schools and academies. The initial 135 places are now budgeted for on a full year basis in 2020/21.
- The completion of the 'restructuring' of our PRU provision, where our PRUs going forward deliver provision for pupils permanent excluded funded via a Day Rate mechanism.
- The completion of the re-alignment of responsibility between the High Needs Block and schools for the funding of alternative provision that is commissioned by schools. The High Needs Block's funding of District PRU, placements with alternative providers and the Primary Behaviour Centres ceases at 31 August 2020.
- The amalgamation of Bradford's hospital education, Tracks and medical home tuition provision into a single Local Authority managed service.

The planned budget spend of £81.207m in 2020/21 is £7.746m greater than the 2019/20 planned budget that was set in January 2019 and £14.460m greater than the forecast of actual spend in 2019/20 (the basis of the carry forward balance estimates presented in Document LH). To highlight 5 key areas of significant net saving (estimated) when comparing 2020/21 against the 2019/20 planned budget:

- £1.515m through the re-structuring / re-alignment of responsibilities for the funding of PRU and AP.
- £0.496m following the cessation of the High Needs Block's funding of the Primary Behaviour Centres.
- £0.503m through the amalgamation and re-structuring of Education in Hospital, Tracks and medical home tuition services.
- £0.428m net through adjustment to the estimate of funding for the FE sector.
- £0.500m removal of EHCP model provision for special schools (replaced by new Banded Model cost).

Details of the Item for Consideration

To highlight 6 key areas of estimated net significant spending growth when comparing 2020/21 against the 2019/20 planned budget:

- £5.428m estimated for the impact of the proposed changes in the high needs funding model, including the impact of the new Banded Model and the uplift of EHCP funding. The £5.428m includes the £2.000m contingency provision.
- £2.500m net additional for full year budget provision for the 354 places that are establishing from 2019 and other adjustments to place and top up funding estimates across specialist provisions.
- £1.458m for a further 100 SEND specialist places budgeted for on a part year basis from September 2020.
- £0.450m estimated for continuing annual growth in the cost of OLA / independent placements.
- £1.020m estimated for continuing annual growth in the number of pupils with EHCPs in mainstream schools and academies.
- £0.287m provision for cumulative pay award / inflation on SEND teaching support services.

Implications for the Dedicated Schools Grant (DSG) (if any)

As outlined in this paper.

Recommendations

The Forum is asked to note the information provided. This will inform decisions and recommendations to be taken under agenda item 12.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – 2020/21 DSG Summary

Appendix 2 – Summary Indicative High Needs Block Future Trajectory

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