

# *Bristol Schools Forum*

Agenda Tuesday 16<sup>th</sup> January 2018 at 5.45pm,

**CITY HALL WRITING ROOM**

**please note meeting starts at 6.15 but refreshments available from 5.45pm**

	Start	Item	Action	Owner	Paper
1	6.15	Welcome & Briefing	A	Chair	
2	6.20	Forum standing business <ul style="list-style-type: none"> <li>▪ Apologies for Absence</li> <li>▪ Confirmation meeting is quorate</li> <li>▪ Appointment of new members</li> <li>▪ Notification of Vacancies</li> <li>▪ Declarations of Interest</li> </ul>	A	Clerk	Verbal
3	6.25	Minutes of meeting held on 22 <sup>nd</sup> November 2017 Corrections and approval <ul style="list-style-type: none"> <li>• Matters arising not covered on agenda               <ul style="list-style-type: none"> <li>○ Behaviour Improvement Team (SR)</li> <li>○ Budget Ready reckoner (TY)</li> <li>○ Linking FSM to benefits (SR)</li> </ul> </li> </ul>	A	Chair	Attached
4	6.35	Correspondence	I	Chair	
5	6.40	DSG Overview	De	DET	Attached
6	6.55	Schools Block	De	DET	Attached
7	7.10	Central Schools Service Block Report	De	DET	Attached
8	7.25	High Needs Update	I	AJ	To follow
9	7.40	EY Budget	I	SJ	To follow
10	8.10	Any Other Business <ul style="list-style-type: none"> <li>•</li> </ul>			

(\* ) A = Admin, I = Information, De = Decision required, C = Consultation, Di = Discussion

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Tel: 011792 23947 City Hall

**Chair:** Carew Reynell (contact via clerk)

## **FUTURE MEETINGS**

Date	Items
20 <sup>th</sup> March 2018 <b>Future Inns</b>	High Needs Update Budget Monitoring Forum Constitution TwS Report SEND Report Growth fund
22 <sup>nd</sup> May 2018 <b>First Floor Writing Room</b>	High Needs Update Budget Monitoring
10 <sup>th</sup> July 2018 <b>First Floor Writing Room</b>	High Needs Update Budget Monitoring

# Bristol Schools' Forum

**Minutes of the meeting held on Tuesday 22<sup>nd</sup> November 2017**  
**at 18.15 hrs at Future Inns**

**Present:**

Jamie Barry	Headteacher, Parson Street Primary
Victoria Boomer	Headteacher, Oasis Academy, John Williams
Karen Brown	Governor, St Mary Redcliffe & Temple
Tim Browse	Headteacher, Air Balloon Primary
Colin Butterworth	Governor, Endeavour Trust
Emma Cave	Governor, Claremont
Graham Diles	Headteacher Rep, St Mary Redcliffe & Temple
Patricia Dodds	Governor, Fishponds Academy
Peter Evans	Headteacher, Knowle DGE
Alan Gould	Governor, Fairfield High
Tracy Jones	Headteacher, Bannerman Road
Sarah Lovell	Headteacher Rep, Cabot Learning Federation
Tom Merchant	Support Staff Representative, UNISON
Aileen Morrison	Headteacher, St Matthias Park
Chris Pring	Headteacher Rep, Cabot Primary
Suzanne Priest	Headteacher Rep, Cotham
Dan Reed	Governor, Air Balloon Hill
Carew Reynell (Chair)	Governor, Henbury Secondary
Cedric Sanguinol	Governor Representative, Bishop Road Primary
Christine Townsend	Governor, Whitehall Primary
David Yorath	Governor, Cotham
Michelle Wills	Representative, Teaching Professionals
Sue Wilson	Headteacher, Ashton Gate Primary

**In attendance:**

Ian Bell	Place Planning
Billy Forsythe	Clerk to Schools Forum
Cllr Claire Hiscott	Councillor
Annette Jones	Service Manager, Additional Learning Needs
Sue Rogers	Service Director, Education & Skills
David Tully	Interim Finance Business Partner
Travis Young	Senior Accountant

**Observers:**

William Brown, Simon Eakins, Kevin Jay, Lisa Middle, Clare Pring, Anne Sheridan

Item	Action
<b>1. Welcome and introductions</b>	
The Chair opened the meeting at 18:15	

<p><b>2. Forum standing business</b></p>	
<p><b>Apologies</b>                  Received from Jo Butler, Marian Curran, Lindsey Fuller, Simon Holmes, Ruth Pickersgill, Anne Rutherford, Chrysta Garnett, Denise Murray,</p> <p>Clerk confirmed meeting was quorate.</p> <p>New members – Simon Holmes has been nominated by Nursery Heads to share the Nursery Head representative with Lindsey Fuller. Carew Reynell has been re-elected as Secondary Academy governor representative. Sarah Lovell has been nominated by the Academy Heads to be a Secondary Academy head representative.</p> <p>Vacancies: Currently one vacancy for the Clifton Diocese.</p> <p>No declarations of interest were expressed.</p>	
<p><b>3. Minutes of the meeting held on 27<sup>th</sup> September</b></p>	
<p>Minutes were accepted as correct.</p> <p>Matters Arising</p> <ul style="list-style-type: none"> <li>• Principles – issued with minutes</li> <li>• South Bristol Catchment issue raised by CT. IB advised that Merchants Academy had changed their admission arrangements and this does leave some children without a catchment area. IB is talking to the trust in December about their admissions policy – this isn't currently making a difference but it could do. CT asked what can be done if they refuse to amend their policy. IB added that he had referred this to Legal who confirmed it wasn't an equality issue as students are not disadvantaged. CT specifically raised the public sector duty requirement as contained in the Equalities Act.</li> <li>• Special school reps - Nothing in constitution to stop two reps from same school.</li> <li>• BIS - SR reported that historically three teams (Behaviour Improvement, Learning Improvement &amp; Education Psychology) were merged into Inclusion service. BIS service included 3.2 FTE – one resigned and the 2.2 FTE and all LIS team applied for Voluntary Severance which was granted by Paul Jacobs &amp; Jackie Turner. The services had ceased to be popular with a majority of schools and were not profitable. Schools Forum had agreed to de-delegate in 16/17 and education psychologists advised they would provide behaviour support as part of Inclusion. The Alternative Learning Provision team would provide support for exclusions. JB raised a concern that the ALP team is not able to provide the service re exclusions. AJ advised that the Team is meant to be signposting. If schools needed additional support they should link with EPs. JB would like more info re de-</li> </ul>	

<p>delegated funding. SR will progress.</p> <ul style="list-style-type: none"> <li>• Item 9 – TwS surplus – SR advised that she saw it as part of her job is to make sure this is re-invested in school services – this is ongoing work.</li> <li>• DY asked if ESFA had given an opinion on the growth fund and on PFI. DT advised that this would be covered in item 5 on the agenda.</li> </ul>	<p>SR</p>
<p><b>4. Correspondence</b></p>	
<p>CR advised that he had been asked whether representation on Forum could be changed so that Academy &amp; maintained special schools were both represented. This will be picked up in New Year when we look at constitution.</p>	
<p><b>5. DSG Overview</b></p>	
<p>DT presented the report which builds on report at last Forum and Parkview meeting.</p> <ul style="list-style-type: none"> <li>• Forecast increase of £6m in Dedicated Schools Grant;</li> <li>• 3 competing pressures on DSG. Individual schools deficits, HNB major overspend &amp; PFI contracts;</li> <li>• Members asked officers to reconsider PFI position to see if Council's budget could help that; Asked DfE to recognise the increased costs in the funding formula and they will respond soon;</li> <li>• Plan A or Plan B - both A&amp;B give HNB £2m – from SB or General fund.</li> </ul> <p>CP asked if lump sum was £110 or £125 – TY advised that £125 was now proposed. £110k was a previous worst case scenario.</p> <p>CR added that final proposals will come back to Forum in January when the final pupil numbers will be known and we also may have a decision from ESFA.</p> <p>Discussion took place on differences between Plan A &amp; Plan B - both plans assume £2m headroom in school block as a result of revised projections for the Growth Fund and rates.</p> <p>PFI is a factor in the National Funding Formula based on funding formula for 2017. DT advised that not many LAs have the same scale of problem as Bristol.</p> <p>A number of questions were raised:</p> <ul style="list-style-type: none"> <li>• What if PFI shortfall gets worse? - DT advised that is the issue the LA is grappling with, trying to persuade DfE that no PFI affordability gap increases straightforwardly by inflation each year.</li> <li>• Is headroom liable to change? DT advised that there were still issues to be resolved, explained in the paper. This included the impact of the October 2017 census, final DSG figures from ESFA and the ESFA decision on PFI.</li> <li>• Can we be confident that that planned savings will be achieved? SR advised that she understands concerns. We have the High Needs action plan and meet regularly to monitor this. Can never be absolutely confident but a great deal of activity is underway to try to achieve the savings. We have to have a plan that gets</li> </ul>	

<p>us in balance and stay in balance.</p> <p>It was decided at this point that the Schools Block paper and the High Needs Block papers would be considered before addressing the recommendations. The recorded decisions below were made later in the meeting.</p> <p>Decisions:</p> <ul style="list-style-type: none"> <li>a) Schools Forum noted the 2017/18 position</li> <li>b) Schools Forum commented on and noted the developing financial strategy</li> <li>c) Schools Forum agreed by 13 votes to 3 to support the transfer of £2m of Schools Block funding in 2018/19 to the High Needs Block, subject to the Secretary of States agreement for the amount beyond £1.2m.</li> </ul>	
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<p><b>6. Schools Block report</b></p> <p>DT presented the report.</p> <p>The LA is proposing to continue with the local formula used in previous years and propose to set Minimum Funding Guarantee as zero - Schools are guaranteed the level of funding they had this year. If DFE agree to PFI this will be included in the funding formula.</p> <p>DT confirmed the figures included the £2m proposed move to HNB.</p> <p>CP asked if a new budget ready reckoner could be produced. TY confirmed.</p> <p>Recommendations 2.1 &amp; 2.2 were accepted.</p> <p>BF confirmed the six maintained primary delegates and two maintained secondary delegates who were entitled to vote for de-delegation</p> <p>The low response to the consultation was noted and CP asked if any future correspondence could be sent School Business Managers as well as Heads.</p> <p>MW outlined the positives for the Forum to de-delegate money for TU reps.          TM outlined the positives for the Forum to de-delegate money for H&amp;S reps</p> <p>CT asked if Forum did not de-delegate for schools in financial difficulty would these schools be left to manage. This was confirmed.</p> <p>SR asked Forum to de-delegate the money for T&amp;L as she wanted the opportunity to improve the Team and enable them to better support Bristol schools - currently KS1 below national and KS2 just at national. Losing capacity could create difficulties. TD advised Forum that the Reading Recovery leaders run training for many programmes to support our young readers. If they go those programmes will not run in Bristol. They are making an impact on raising attainment.</p>	<p>TY</p>
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CP asked as R&R is a traded service why do we need to de-delegate? - TD advised payment is for licence and the de-delegated funding is for the consultancy and training.

Voting took place as per the tables below:

#### MAINTAINED PRIMARY

Service	De-delegate	Not de-delegate
Premises & employee insurance	6	0
FSM assessment	6	0
Maternity Supply Cover	6	0
Schools in Financial Difficulty	4	2
Trade Union Facility time	5	1
Roving Health & Safety Reps	6	0
Education Psychology	5	1
Primary T&L Consultants	0	6

#### MAINTAINED SECONDARY

Service	De-delegate	Not de-delegate
Premises & employee insurance	2	0
FSM assessment	2	0
Maternity Supply Cover	2	0
Trade Union Facility time	2	0
Roving Health & Safety Reps	2	0
Education Psychology	2	0

The decision of the relevant Schools Forum members is that all of the above services should be de-delegated for maintained schools, as indicated, apart from Primary Teaching & Learning Consultants.

### 7. High Needs Update

AJ presented the report.

- Reductions have been made and additional savings are planned.
- Forecast is still serious. £12.1m cumulative overspending if we don't achieve the savings or put the deficit plans into effect.
- EFSA – LAs will have changes in their funding for college places. EFSA have taken this on board and we expect some changes.
- £746K extra spending projected for this panel, a lower increase than previous panels.
- Bristol sends fewer children out of authority and keeps children with their families.
- Provision is rated 100% good.

PE added that special schools have had budgets cut and they want to work closely with maintained schools on EIB provision. AJ welcomed the comments and recognised the work the special schools have done.

Discussion took place highlighting the vulnerability of children particularly in South Bristol. There is an urgent need to grow EIB provision.

<p>AJ confirmed that the LA made the decision to contain more overspend for this panel. Most vulnerable would still be fully funded. This was agreed with the Inclusion Reference Group and was not a decision the Forum had made.</p> <p>Decisions:</p> <p>2.1 Schools Forum noted the budget forecast outturn for Period 6 2017/18 and the impact on the 2018/19 forecast</p> <p>2.2 Schools Forum commented on progress as above</p> <p>2.3 Schools Forum agreed for the Local Authority to submit a request to the Education and Skills Funding Agency to disapply the Minimum Funding Guarantee for special schools in the event that the new model being developed will require this to support implementation.</p> <p>Forum agreed to return to the DSG report and the final recommendation.</p>	
<p><b>8. Growth Fund</b></p>	
<p>This paper was not considered.</p> <p>CR advised that officers should revisit the Growth Fund report with the chair and vice-chair in order to produce a consolidated paper that addresses the issues and to bring that to Schools Forum at the next meeting.</p>	<p>IB/SR</p>
<p><b>9. AOB</b></p>	
<p>CT asked if the LA had considered linking FSM to benefits as other authorities had. SR will investigate and respond.</p>	<p>SR</p>

The meeting closed at 20:30hrs

**Bristol Schools Forum**  
**DSG Overview - Monitoring 2017/18 and Budget Setting 2018/19**

<b>Date of meeting:</b>	16 <sup>th</sup> January 2018
<b>Time of meeting:</b>	6.15 pm
<b>Venue:</b>	The Writing Room, City Hall

## **1 Purpose of report**

- 1.1 This report provides an update on the forecast financial position for the DSG overall as at Period 8 (to end November 2017) and sets out proposals for consideration by Cabinet at its meeting on 23<sup>rd</sup> January 2018 on how the budget will be set for 2018/19.

## **2 Recommendation**

### **2.1 Schools Forum is invited to:**

- a) note the in-year 2017/18 position for the overall DSG in Section 4;
- b) note and comment on the proposals for implementing the agreed strategy for Schools Budget for 2018/19;
- c) Indicate whether it supports the proposal to allocate £0.7m of the £4.1m (for additional PFI costs) to the High Needs Block for 2018/19.

## **3 Background**

- 3.1 At Schools Forum on 22<sup>nd</sup> November 2017, it was reported that there was a forecast £6.2m deficit on the Dedicated Schools Budget for 2017/18.
- 3.2 The meeting also considered the dilemmas facing the Schools Budget in addressing three immediate strategic financial issues:
- **Individual schools:** many individual schools and early years settings are experiencing financial difficulties and deficit budgets;
  - **High Needs Budget:** The High Needs budget is working to reduce an in-year £5m overspend in 2017/18, with the cumulative position forecast to be £7.3m by year-end, which would rise to £12.1m if no action were taken;
  - **Schools PFI:** The affordability gap on the two PFI contracts is greater than the amount of the PFI Factor in the mainstream formula by an amount in the region of £4.5m each year at today's prices.
- 3.3 Schools Forum agreed that £2m funding from the Schools Block allocation for 2018/19 could be transferred to the High Needs Block to assist either with slippage in implementing savings or to contribute to the historic deficit.

This was on the basis that the Authority would fund mainstream schools at the headline rate of increase per pupil (provisional DSG figures from ESFA had indicated +1.5%) and that the Minimum Funding Guarantee for mainstream schools would be 0% (ie per pupil funding would be no lower than the rate in 2017/18).

3.4 Officers outlined two options:

- a) **Plan A.** To include £4m more for PFI Factor in the mainstream formula, supported by an equivalent contribution from the Council's budget, on the basis that Department for Education would embed the extra PFI cost into the National Funding Formula (and therefore the Dedicated Schools Grant) in future years.
- b) **Plan B.** The Council would continue to meet the PFI Affordability Gap from its own budget (rather than from the DSG) in circumstances where the Department for Education indicated there was no possibility of the extra PFI costs being embedded within the National Funding Formula.

3.5 This paper confirms that the Authority will be pursuing Plan A in setting the Schools Budget for 2018/19 and it incorporates the school finance settlement information provided by the ESFA in late December 2017. Schools Forum were content to support Plan A when it was considered in November 2017.

**4 Budget monitoring 2017/18**

- 4.1 At Schools Forum on 22<sup>nd</sup> November 2017, it was reported that there was a forecast £6.2m deficit on the Dedicated Schools Budget for 2017/18 at Period 4.
- 4.2 This position has improved by -£1.1m to a £5.1m overspend. The Period 8 position is set out in **Table 1** with more detail set out in **Appendix 1**.

**Table 1: Forecast position on overall DSG for 2017/18 (Period 8)**

	Brought forward 1.4.17	Funding 2017/18	Forecast Outturn 2017/18	In-year movement	Carry forward 31.3.17	Previous forecast (Period 6)	Change
	£,000	£,000	£,000	£,000	£,000	£'000	£'000
Maintained Schools	0	(97,411)	97,411	0	0	0	0
Academy Recoupment	0	(147,014)	147,014	0	0	0	0
Early Years Block	(440)	(34,881)	35,268	387	(53)	37	(90)
High Needs Block	2,365	(44,007)	47,913	3,906	6,271	7,323	(1,052)
Schools Block (Central)	(295)	(6,279)	5,444	(835)	(1,130)	(1,140)	10
<b>Total</b>	<b>1,630</b>	<b>(329,592)</b>	<b>333,050</b>	<b>3,458</b>	<b>5,088</b>	<b>6,220</b>	<b>(1,132)</b>

- 4.3 The main overspend overall (£6.3m) is in the High Needs budget, which is explained in a separate report on this agenda. The changes in the High Needs Budget forecast include renegotiated top-up rates and numbers for Further Education students from the new academic year, lower mainstream top-up spend (following the November top-up panel) than was provided for. The Early Years underspend relates to vacancies in the central team.

## 5 School Funding Arrangements 2018/19

- 5.1 Schools Forum agreed to the strategy for setting the Schools Budget for 2018/19, including some decisions which must be referred to the Secretary of State for Education and other decisions which rest with Cabinet and Council. This included transferring £2m from the Schools Block to the High Needs Block on the basis that this was funding available after providing mainstream schools with sufficient funding for rates, lump sums and a 1.5% per pupil increase on the other factors in the formula and leaving a reduced amount of £2m for the Growth Fund.
- 5.2 The Education and Skills Funding Agency has confirmed final DSG allocations for 2018/19 which reflect the greater number of pupils in Bristol schools. The updated allocations are set out in **Table 2**.

**Table 2: Final DSG Allocations (as per ESFA 19<sup>th</sup> December 2017)**

<b>DSG Revised Blocks</b>	<b>2017/18 DSG £m</b>	<b>Adjustment for HN places in mainstream £m</b>	<b>Change in funding notified 15.9.17 £m</b>	<b>Final funding notified 19.12.17 £m</b>	<b>DSG 2018/19 £m</b>
Schools block	241.37	1.00	+3.54	+6.11	<b>252.02</b>
Central school services block	2.75	0.00	+0.04	+0.03	<b>2.82</b>
High needs block	50.67	-1.00	+1.07	+0.14	<b>50.88</b>
Early Years baseline (provisional)	33.48	0.00	0.00	+2.06	<b>35.54</b>
<b>Total</b>	<b>328.27</b>	<b>0.00</b>	<b>+4.65</b>	<b>+8.34</b>	<b>341.26</b>

- 5.3 Between 2017/18 and 2018/19 the Schools Block DSG has increased by 1,511 pupils (including the technical SEN adjustment with the High Needs Block) and the unit value has increased by 1.5%. The final increases in the Central Services and High Needs Blocks are also a reflection of the updated general pupil numbers. The Early Years Block is provisional because the precise amount of funding is determined by participation levels in the January 2018 and the January 2019 pupil censuses.

- 5.4 There are separate papers dealing with the issues in each of the Schools Block, Early Years Block, High Needs Block and Central Services Block, elsewhere on the agenda.

## 6 Development of the overall Financial Strategy for 2018/19 and beyond

- 6.1 Schools Forum will be familiar with the three competing Schools Budget financial priorities explained at the September 2017 meeting and explored further with 90 school representatives at a Schools Financial Strategy Workshop at Parkview on 13<sup>th</sup> November 2017. The slides from that event have been circulated to all schools. These three priorities are:
- **Individual mainstream schools and early years settings**, experiencing difficulties in setting a balanced budget and reducing their reserves to a very low level.
  - **High Needs budgets**, which are now forecast to be £7.3m overspent and which will overspend more if further action is not taken
  - **The 2 multi-school Private Finance Initiative contracts** where the affordability gap of around £4.5m at current prices each year for the next 18 years somehow needs to be closed.
- 6.2 The paper at the previous meeting talked about two alternative strategies, dependent on how the DfE intended to deal with the proposed additional £4m PFI factor in the future National Funding Formula. This was set out as Plan A (if the PFI Factor would be embedded within the NFF and, therefore, the DSG in future years) or Plan B (if the PFI Factor would not be recognized in the NFF and the Council would revert the PFI Affordability Gap to the Council's budget).
- 6.3 The DfE has confirmed to officers that it is their intention to do a complete review of the arrangements for PFI Factors in time for the 2019/20 financial year. This would aim to ensure that there was a fair approach to recognizing the circumstances of individual authorities with respect to PFI. While they could not guarantee the outcomes of that review, they advised that it would be necessary for the additional PFI Factor to be included in the mainstream formula before they could consider recognizing it within the NFF.
- 6.4 On this basis, officers believe that the PFI Affordability Gap discussed at the previous meeting should be added to mainstream formula budgets for the 8 PFI schools and that the DSG support for the Schools Budget be supplemented by a matching contribution from the Council's General Fund. It would be the expectation that the Council contribution could be withdrawn at a future point when the NFF reflects the higher amount of PFI Factor.

6.5 The proposal is, therefore, to pursue Plan A. A reminder of the key points in Plan A is in **Table 3a** and a summary of the financial impact of Plan A based on the information that was available in November is in **Table 3b**. this reflects the clear steer from Schools Forum that Schools Block headroom should be used for the High Needs Block.

**Table 3a: Key points in Plan A**

<b>Plan A</b>
<ul style="list-style-type: none"> <li>• <b>PFI Factor.</b> DfE confirm extra PFI would be embedded in future NFF / DSG. £4m added to PFI Factor in mainstream schools formula.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Mainstream schools formula</b> increased by equivalent of headline increase per pupil (Provisional DSG includes +1.5% currently)</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Schools Block Headroom.</b> Budgeting for lower Growth Fund and removing provision for rates, which were never delegated to schools, creates headroom of £2m, which Schools Forum agreed should be transferred to the High Needs Block.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>General Fund contribution.</b> GF would provide £4m to Schools Block to match the PFI increase.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Future position.</b> When the DSG reflected the higher PFI funding, the GF could be withdrawn.</li> </ul>

**Table 3b: Previous calculations for Plan A approach to schools funding 2018/19 (November 2018 version)**

<b>Cost</b>	<b>£'000</b>	<b>Funding</b>	<b>£'000</b>
Minimum Funding Guarantee (0%)	£219.1m	Indicative DSG 2018/19	£245.9m
Rates / Lump sums	£18.5m	From General Fund	£4.0m
Shift of SEN places to Schools Block	£1.0m	To High Needs Block	£-2.0m
Extra PFI Factor	£4.0m		
Paying +1.5% per pupil	£3.3m		
Growth Fund	£2.0m		
<b>Schools Block Total</b>	<b>£247.9m</b>	<b>Schools Block Total</b>	<b>£247.9m</b>
Expected High Needs commitments 2018/19 (See High Needs paper Item ?)	£55.5m	Provisional DSG 2018/19	£-50.7m
Savings measures	£-4.9m	From Schools Block	£-2.0m
Slippage on savings	£+2.1m		
<b>High Needs Block Total</b>	<b>£52.7m</b>	<b>High Needs Block Total</b>	<b>£-52.7m</b>

- 6.6 The updated DSG information allows the strategy for Plan A to be implemented, but the extra 1,511 pupils funded through the DSG for 2018/19 are not matched by an identical increase in the formula pupil numbers 1,477 funded through the mainstream formula (Authority Proforma Tool). That discrepancy, plus differences in the characteristics of schools and the fact that the strategy is based on inflating the main formula only (ie around 90% of the total Schools Block), this explains why there is around £0.7m remaining after implementing the plan that was agreed.
- 6.7 Members are considering whether this amount should be made available to the High Needs Budget for 2018/19. It is too late to reapply for a transfer from the Schools Block to the Secretary of State, but it is still possible to allocate some of the contribution from the Council's General Fund budget to the High Needs Block instead of to the Schools Block.
- 6.8 Schools Forum are aware of the context of the High Needs budget and its impact on the overall financial position of the DSG. At the end of 2016/17, individual school balances amounted to £5m, but the DSG was overspent by £1.6m, leaving a positive balance of £3.4m. The forecast for 2017/18 is that net maintained school balances will have dropped to £3m and the DSG centrally will be £5m overspent, giving a negative balance of £2m. This arrangement is not sustainable. Clearing the historic deficit on the High Needs budget swiftly through a package of savings measures and through use of any available additional funding is viewed as necessary.
- 6.9 Schools Forum will have a view on this and this can be conveyed to Members before Cabinet takes a final decision on the Schools Budget on 23<sup>rd</sup> January 2018.

**Table 4: Proposed Implementation of Plan A Strategy with final DSG figures**

<b>Cost</b>	<b>£'000</b>	<b>Funding</b>	<b>£'000</b>
Minimum Funding Guarantee (0%)	£224.7m	Final DSG 2018/19	-£252.0m
Rates / Lump sums	£18.2m	From General Fund	-£3.4m
Shift of SEN places to Schools Block	£1.0m	Transfer £2m to High Needs Block	+£2.0m
Extra PFI Factor	£4.1m		
Paying +1.5% per pupil	£3.4m		
Growth Fund	£2.0m		
<b>Schools Block Total</b>	<b>£253.4m</b>	<b>Schools Block Total</b>	<b>-£253.4m</b>
Expected High Needs commitments 2018/19	£55.8m	Provisional DSG 2018/19	-£50.8m
Savings measures	-£5.0m	From Schools Block	-£2.0m

Slippage on savings / contribution to historic deficit	+£2.7m	From General Fund	-£0.7m
<b>High Needs Block Total</b>	<b>£53.5m</b>	<b>High Needs Block Total</b>	<b>-£53.5m</b>

6.10 Table 4 above sets out the outline of the proposed financial strategy as it affects the Schools Block and the High Needs Block for 2018/19. More detail about the workings of the mainstream formula and the High Needs Block are in separate papers on this agenda.

## 7 Glossary of Terms

## Appendix 1

### Forecast position for Overall DSG 2017/18 as at Period 8

	Brought forward 1.4.17 £000	Funding 2017/18 £000	Forecast Outturn (as at Nov 2017) 2017/18 £000	In-year movement £000	Carry forward 31.3.17 £000
Admissions		(461)	461	0	0
Centrally Retained Formula	(295)	(5,818) (97,411)	4,983 97,411	(835) 0	(1,130) 0
<b>Schools Block</b>	<b>(295)</b>	<b>(103,690)</b>	<b>102,855</b>	<b>(835)</b>	<b>(1,130)</b>
<b>Academy Recoupment</b>	<b>0</b>	<b>(147,014)</b>	<b>147,014</b>	<b>0</b>	<b>0</b>
National Formula		(26,041)	26,041	0	0
Contingency		(292)	292	0	0
2 Year Old Funding		(4,601)	4,601	0	0
Pupil Premium (EYPP)		(366)	366	0	0
Additional Support Services		(1,026)	1,030	4	4
SEN Top up		(667)	667	0	0
Staffing		(1,777)	1,720	(57)	(57)
Disability Access Fund		(111)	111	0	0
Committed reserve	(440)	0	440	440	0
<b>Early Years Block</b>	<b>(440)</b>	<b>(34,881)</b>	<b>35,268</b>	<b>387</b>	<b>(53)</b>
Commissioned Services		(2,723)	3,026	303	303
Core Place Funding		(11,848)	11,375	(473)	(473)
Staffing		(895)	855	(40)	(40)
Top Up		(20,221)	22,223	2,002	2,002
Placements		(6,455)	8,528	2,073	2,073
Pupil Support		(504)	349	(155)	(155)
Schools in Financial Difficulty		(300)	309	9	9
HOPE Virtual School		(435)	433	(2)	(2)
16/17 Overspend carried forward	3,180	(626)	0	(626)	2,554
Committed reserve	(815)	0	815	815	0
<b>High Needs Block</b>	<b>2,365</b>	<b>(44,007)</b>	<b>47,913</b>	<b>3,906</b>	<b>6,271</b>
<b>Total</b>	<b>1,630</b>	<b>(329,592)</b>	<b>333,050</b>	<b>3,458</b>	<b>5,088</b>

## Appendix 2

### DfE / EFSA Indicative Timetable for 2018/19 Schools Budget Setting

Date	DfE/ESFA	Local authorities
August 2017	Operational guidance published setting out arrangements for 5-16 mainstream schools implementation for 2018 to 2019.  Local authority level baselines published	
August 2017	Example APT issued to local authorities	
September 2017	Allocations issued for schools, central school services and high needs blocks	
Autumn 2017	High needs funding guide for 2018 to 2019 issued to local authorities	
5 October 2017	School census day	
October / November 2017	DfE and local authorities check and validate school census	
30 November 2017	School census database closed	Deadline for submitting requests for: <ul style="list-style-type: none"> <li>• MFG exclusions</li> <li>• exceptional premises factors</li> <li>• sparsity factors</li> <li>• lump sum variations for amalgamating schools</li> <li>• pupil number reductions</li> <li>• movement of funding out of the schools block above the limit of 0.5% and/or which the schools forum has not approved</li> </ul>
Mid-December 2017	APT issued to local authorities, containing October 2017 census-based pupil data and factors  Publication of DSG schools block and high needs block allocations for 2018 to 2019 (prior to academy recoupmnt)  Publication of provisional early years block	

Date	DfE/ESFA	Local authorities
	allocations	
Mid-January 2018		Schools forum consultation / political approval required for final 2018 to 2019 funding formula
19 January 2018		Deadline for submission of final 2018 to 2019 APT to ESFA
28 February 2018		Deadline for confirmation of schools budget shares to mainstream maintained schools
February/March 2018	2018 to 2019 allocations to post-16 institutions, academies and NMSS to be issued	
February 2018	Publication of 2018 to 2019 high needs place numbers at institution level	
30 March 2018	Confirmation of 2018 to 2019 general annual grant for academies open by 9 January 2018	
April 2018	First DSG payments to local authorities based on 2018 to 2019 allocations, net of academies recoupment (DSG allocations updated termly for in year academy conversions), FE high needs place funding deductions and other adjustments	
Summer 2018	Early years block updated for January 2018 early years pupil numbers	
Summer 2019	Early years block updated for January 2019 early years pupil numbers (pro rata 7/12ths as this relates only to the period September 2018- March 2019)	

### Appendix 3

#### Decision making around DSG for 2018/19

Approval required	Services covered (and funding block)	Indicative amount (mostly 2017/18 unless otherwise indicated)
Authority proposes and decides, but it must consult the Schools Forum	Funding Formula, amounts distributed and arrangements for Minimum Funding Guarantee	The baseline Schools Block for 2018/19 starts at £242.37m, including £3m for growth fund and £0.4m for falling rolls which are considered separately.
Schools forum approval is not required (although they should be consulted)	High needs block provision Central licences negotiated by the Secretary of State	Baseline is £49.67m for 2018/19 approval not required
Schools forum approval is required on a line-by-line basis	Funding to enable all schools to meet the infant class size requirement Back-pay for equal pay claims Remission of boarding fees at maintained schools and academies Places in independent schools for non-SEN pupils Admissions Servicing of schools forum Contribution to responsibilities that local authorities hold for all schools Contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only) De-delegated services from the schools block (voted on by the relevant maintained school members of the forum only)	Part of Growth fund - £3m  No provision No provision No provision £0.461m £23k in 2017/18 £843k (former ESG core) 2017/18  None  Schedule of services amounting to £2.145m 2017/18
Schools forum approval is required	Central early years block provision Any movement of funding out of the schools block	5% of the estimated 3 & 4 year old funding  To be determined

Approval required	Services covered (and funding block)	Indicative amount (mostly 2017/18 unless otherwise indicated)
	<p>Any deficit from the previous funding period that reduces the amount of the schools budget</p> <p>Any brought forward deficit on de-delegated services which is to be met by the overall schools budget</p>	<p>To be determined</p> <p>none</p>
<p>Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into.</p> <p><a href="#">Read establishing local authority DSG baselines for more information</a></p>	<p>Capital expenditure funded from revenue – projects must have been planned and decided on prior to April 2013 so no new projects can be charged. Details of the remaining costs should be presented</p> <p>Contribution to combined budgets – this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources</p> <p>Existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged)</p> <p>Prudential borrowing costs – the commitment must have been approved prior to April 2013. Details of the remaining costs should be presented</p>	<p>none</p> <p>£0.599m</p> <p>£0</p> <p>£0.566m, but will reduce in 2018/19.</p>
<p>Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools</p>	<p>Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy</p> <p>Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years</p>	<p>part of £3m growth fund</p> <p>£0.400m will be included within the Schools Block for 2018/19, but unlikely to be needed for falling rolls.</p>

Local Authority Funding Reform Proforma

LA Name: Bristol, City of  
 LA Number: 801

Premises costs to exclude from allocation when calculating the minimum funding level	Mobility	Rates	PFI	Split Sites
	No	No	No	No
Primary minimum per pupil funding level	Middle school minimum per pupil funding level for secondary pupils		Secondary minimum per pupil funding level	

Pupil Led Factors

Reception uplift		No	Pupil Units		0.00					
Description	Amount per pupil	Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)			
1) Basic Entitlement										
Age Weighted Pupil Unit (AWPU)										
Primary (Years R-6)	£2,940.77	36,334.00		£106,850,005	£182,202,353	43.11%	10.00%			
Key Stage 3 (Years 7-9)	£4,195.40	11,051.00		£46,363,356		18.71%	10.00%			
Key Stage 4 (Years 10-11)	£4,424.45	6,552.00		£28,988,992		11.70%	10.00%			
2) Deprivation										
Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
FSM	£245.00	£271.26	7,144.75	3,393.04	£2,670,821	£24,718,274	9.97%	10.00%	10.00%	
FSM6			10,305.84	6,341.98	£0					
IDACI Band F	£350.92	£350.92	4,440.35	2,142.90	£2,310,182			10.00%	10.00%	
IDACI Band E	£421.10	£421.10	3,710.97	1,863.96	£2,347,612			10.00%	10.00%	
IDACI Band D	£561.47	£561.47	2,036.71	1,097.60	£1,759,821			10.00%	10.00%	
IDACI Band C	£701.84	£701.84	3,043.36	1,610.27	£3,266,086			10.00%	10.00%	
IDACI Band B	£842.20	£842.20	5,846.31	2,786.95	£7,270,957			10.00%	10.00%	
IDACI Band A	£1,403.67	£1,403.67	2,399.58	1,228.61	£5,092,796			10.00%	10.00%	
3) Looked After Children (LAC)										
LAC X March 17	£0.00		281.92		£0	£3,268,719	0.00%	0.00%		
EAL 2 Primary	£803.72		3,412.00		£2,742,293		1.32%	0.00%	0.00%	
EAL 2 Secondary		£1,205.58		436.66	£526,427					
4) English as an Additional Language (EAL)										
Pupils starting school outside of normal entry dates	£0.00	£0.00	408.91	236.35	£0	0.00%	0.00%	0.00%		
5) Mobility										
Description	Weighting	Amount per pupil	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
Low Attainment % new FSP	100.00%		37.88%			£12,792,729	5.16%	100.00%		
Low Attainment % old FSP 73		£703.26	14.21%	12,452.32	£8,757,158					
Secondary low attainment (year 7)	58.05%		22.56%							
Secondary low attainment (year 8)	48.02%	£1,004.65	22.81%	4,016.89	£4,035,571					
Secondary low attainment (years 9 to 11)			22.92%							

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)		
7) Lump Sum	£125,000.00	£125,000.00			£15,875,000	6.40%	20.00%	20.00%	
8) Sparsity factor	£0.00	£0.00	£0.00	£0.00	£0	0.00%	0.00%	0.00%	
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.									
Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed or tapered sparsity primary lump sum?	Fixed				
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed or tapered sparsity secondary lump sum?	Fixed				
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed or tapered sparsity middle school lump sum?	Fixed				
All-through school distance threshold (miles)		All-through pupil number average year group threshold		Fixed or tapered sparsity all-through lump sum?	Fixed				
9) Fringe Payments					£0	0.00%			
10) Split Sites					£569,867	0.23%			
11) Rates					£2,334,519	0.94%			
12) PFI funding					£6,099,859	2.46%			
13) Exceptional circumstances (can only be used with prior agreement of ESFA)									
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)		
Additional lump sum for schools amalgamated during FY17-18					£0	0.00%	20.00%	20.00%	
Additional sparsity lump sum for small schools					£0	0.00%			
Additional funding under the minimum per pupil level of funding factor					£0	0.00%			
Exceptional Circumstance4					£0	0.00%			
Exceptional Circumstance5					£0	0.00%			
Exceptional Circumstance6					£0	0.00%			
Exceptional Circumstance7					£0	0.00%			
Additional funding to meet minimum per pupil funding level									
					£0				
<b>Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)</b>					<b>£247,861,321</b>	<b>100.00%</b>	<b>£36,659,792</b>		

14) Minimum Funding Guarantee	0.00%		£3,538,679	
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)	No			
Capping Factor (%)		Scaling Factor (%)		
Total deduction if capping and scaling factors are applied	£0			
MFG Net Total Funding (MFG + deduction from capping and scaling)	Total (£)		Proportion of Total Funding (%)	
	£3,538,679		1.41%	
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)				
Additional funding from the high needs budget	£0.00			
Growth fund (if applicable)	£2,000,000.00			
Falling rolls fund (if applicable)	£0.00			
<b>Total Funding For Schools Block Formula</b>	<b>£251,400,000</b>			
% Distributed through Basic Entitlement	73.51%			
% Pupil Led Funding	89.96%			
Primary: Secondary Ratio	1 :		1.34	
Total funding for schools block formula contains funding from outside of the 2018-19 Schools Block allocation?	Yes			

**Bristol Schools Forum**  
**Schools Block 2018/19**

<b>Date of meeting:</b>	16 <sup>th</sup> January 2018
<b>Time of meeting:</b>	6.15 pm
<b>Venue:</b>	City Hall

## 1. Purpose of report

- 1.1 To consult the Schools Forum on the application of the principles agreed in calculating the funding formula for mainstream schools and academies for 2018/19, prior to final decision by Cabinet and submission of the Authority Proforma Tool to the Education and Skills Funding Agency.

## 2. Recommendations

Schools Forum is invited to:

- 2.1 Endorse the proposed arrangements for the 2018/19 mainstream funding formula;
- 2.2 Provide feedback, if necessary, to Cabinet, for their consideration in making a final decision at their meeting on 23<sup>rd</sup> January 2018.
- 2.3 Commission a sub-group of Schools Forum to develop detailed plans during 2018/19 to plan for the migration of the Bristol local formula to the National Funding Formula by 2020/21.

## 3. Funding available

- 3.1 The DSG overview paper elsewhere on this agenda explains the overall strategy for schools finance for 2018/19. This indicates that the funding for Schools Block in 2018/19 is proposed to be £253.4m. **Table 1** sets out how it is proposed that this funding be calculated and applied.

**Table 1: Proposed Schools Block Budget 2018/19**

<b>Cost</b>	<b>£'000</b>	<b>Funding</b>	<b>£'000</b>
Minimum Funding Guarantee (0%)	£224.7m	Final DSG 2018/19	-£252.0m
Rates / Lump sums	£18.2m	Transfer £2m to High Needs Block	+£2.0m
Shift of SEN places to Schools Block	£1.0m	From General Fund	-£3.4m
Extra PFI Factor	£4.1m		
Paying +1.5% per pupil	£3.4m		
Growth Fund	£2.0m		
<b>Schools Block Total</b>	<b>£253.4m</b>	<b>Schools Block Total</b>	<b>-£253.4m</b>

- 3.2 The component elements of the calculation have been refreshed, now that the October 2017 census information has become available. Each of the components is explained below.
- 3.3 **Minimum Funding Guarantee (MFG) (0%) £224.7m.** This represents the sum of the minimum amount that the Authority is required to provide to all schools, based on an MFG of 0% using the October 2017 pupil numbers. This means that the amount of funding on funding factors within the MFG calculation is at least at the same value per pupil as 2017/18. This offers more protection for schools than has been the case in previous years when the MFG has been set at -1.5% (ie 98.5% of the previous year's). The £1.0m element for SEN places that is part of the MFG calculation has been identified separately below to be consistent with the previous method of explaining the calculation.
- 3.4 **Rates / Lump Sums £18.2m.** The Authority continues to fund school lump sums at £0.125m, rather than the £0.110m indicated in the National Funding Formula. The funding for rates is based on the expected 2018/19 rates bills for maintained schools and academies, as in previous years.
- 3.5 **Shift of SEN places to Schools Block £1.0m** This recognises the technical shift from High Needs Block to Schools Block of the liability for filled places in mainstream resource bases. In effect, all pupils on roll in mainstream schools are funded through the mainstream formula (previously, SEN pupils attending resource bases were discounted and funded through the High Needs Block). This amount has been shown separately, to correspond to the calculations provided previously, but this is an integral part of the MFG.
- 3.6 **Extra PFI Factor £4.1m** The DfE has indicated that it intends to review the arrangements in the National Funding Formula for dealing with PFI across all authorities for 2019/20 financial year. They have also indicated that they can only take account of Bristol's PFI circumstances if the larger affordability gap is included within the APT. This is why this large increase is being included, with a matching contribution from the Council's budget, pending a resolution of this issue.
- 3.7 The long-term forecasts on PFI have been updated following consultation with all stakeholders and clarification of the strategy to be adopted.
- 3.8 The original long-term PFI proposal to Schools Forum in September 2017 was based on:
- £4.5m shortfall every year for 17 years (from 1st April 2018) at current prices, with £4m increase in PFI Factor in mainstream formula, £0.250m increase in stakeholder contributions and £0.250m reduction in contract costs.
  - inflation at 4% for 18 years and
  - a "middle" forecast of pupil numbers in the PFI schools.
- 3.9 The final long-term PFI proposal for the 2018/19 budget is based on :

- There is budget to pay for the gap in the General Fund in 2017/18, spread the cost over 18 years.
- Inflation at 3.5% for 18 years
- Pupil numbers from October 2017 updated, but still using “middle” forecast
- Insufficient evidence of immediate, material changes to contract costs or stakeholder contributions, so the full shortfall to be met from PFI Factor in mainstream formula £4.1m.

3.10 Officers will continue to pursue opportunities to reduce contract costs and stakeholder contributions as part of the long-term management of these major and complex contracts. For instance, there have been recent discussions with the schools involved in the BAM PFI contract to consider energy investment options that could generate savings.

3.11 **Paying +1.5% per pupil £3.4m.** Schools Forum agreed to overall strategy on the basis of per pupil budgets rising by the headline increase in the Schools Block DSG. The headline Schools Block DSG for 2018/19 is £252.023m for 53,628 pupils, a unit value of £4,699. The equivalent allocation for 2017/18 is £241.370m for 52,117 pupils, a unit value of £4,631. This is a headline increase of +1.47%, rounded up to +1.5%. The headline increase is applied to the sum of the MFG £224.7m and the SEN £1.0m. 1.5% of £225.7m is £3.4m.

3.12 **Growth Fund £2m.** Schools Forum agreed in November that the previous level of Growth Fund £3m, plus £0.4m for class sizes or possible in-year rates pressures, was too high. The lower level of £2m was advised as being sufficient for known expansions on the basis of the existing Growth Policy. The Growth Policy is to be considered at the March 2018 meeting and further admissions pressures in the secondary sector have emerged, but the proposal is to still budget for £2m for 2018/19. If there is the need to provide for more funding for Growth, this could be considered at the March 2018 meeting and this might mean that some of the underspent growth fund in 2017/18 (currently - £1.1m) could be earmarked for use in 2018/19.

3.13 **Schools Block Total £253.4m.** This is the sum of the proposed allocations above.

3.14 **Final DSG 2018/19 -£252.0m** This has been advised by ESFA on 19<sup>th</sup> December 2017 as the Schools Block component of the final DSG for 2018/19.

3.15 **Transfer £2m to High Needs Block +£2.0m** Schools Forum gave its consent to transferring £2m headroom to the High Needs Block at its meeting in November 2017. The Secretary of State’s consent has been sought for the element beyond the 0.5% (£1.2m) which Schools Forum may determine itself. At time of writing, this consent had not yet been communicated.

3.16 **Contribution from General Fund -£3.4m** Overall, the Council's budget will match the £4.1m of additional PFI Factor. The application of the agreed strategy, as explained in the steps above, leaves £0.7m headroom. Members are concerned about the competing pressures in the overall DSG. Given the

significant pressures within the High Needs Budget, Members are minded to allocate £0.7m of the £4.1m to the High Needs budget to assist further in giving some leeway for slippage or in addressing the historic deficit. Schools Forum will have considered its view on this in the DSG Overview paper earlier in this agenda.

**3.17 Schools Block Total -£253.4m** This is the net total of the funding and transfers.

#### 4. Funding formula

4.1 Schools Forum agreed the principles for the operation of the mainstream formula at its meeting in November 2018, including:

- Appropriate allocations are made for rates;
- Minimum Funding Guarantee of 0%;
- No cap;
- The 8 PFI schools would have the extra PFI Factor excluded from the MFG calculations;
- Factor values to be a function of the available funding, the factors, the weightings and the operation of the MFG;
- The level of de-delegation for maintained primary and secondary schools.

4.2 This is a continuation of the use of the local funding formula, but without a cap on gains. In 2016/17 there was a cap: individual funding was obtained by applying the formula factors and then capping gains at 0%. Schools received funding allocations that were driven by amounts per pupil between -1.5% (for those schools on the MFG) and 0% (for those whose gains were capped). The average change between 2016/17 and 2017/18 was -0.6%.

4.3 **Appendix 1** sets out the summary of the formula in the Authority Proforma Tool. The amounts distributed through the formula factors are set out in **Table 2**.

**Table 2: Summary of formula factor allocations 2018/19 APT**

	<b>Proposed formula 2018/19</b>
AWPU	£182.2m
Deprivation	24.7m
EAL	3.3m
Prior attainment	12.8m
Lump sum	£15.9m
Split sites	£0.6m
Rates	£2.3m
PFI	£6.1m
<b>total factor funding</b>	<b>£247.9m</b>
MFG cost	£3.5m
<b>Total formula funding</b>	<b>£251.4m</b>

4.4 Because the headline values in the formula were greater than necessary, the changes to the values is 0.5%, rather than the actual 1.5% increase, but the

removal of capping and scaling means that there is more variation in the allocations as the local formula is able to distribute funding as intended, while protecting all schools with the 0% MFG.

**Table 3a: No of schools by phase by change in per pupil factor funding 2017/18 to 2018/19**

Phase	Protected by MFG (0%)	0-1%	1-2%	2-3%	3-4%	4-5%	5-6%	6-7%	7-8%	8-9%	9-10%	10-11%	11-12%	Grand Total
Primary	35	10	15	6	13	5	9	3	3	2	1	2	1	105
Secondary	8	8	2	1										19
All-through		1	2											3
<b>Grand Total</b>	<b>43</b>	<b>19</b>	<b>19</b>	<b>7</b>	<b>13</b>	<b>5</b>	<b>9</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>127</b>

**Table 3b: No of schools by current academy status by change in per pupil factor funding 2017/18 to 2018/19**

Status	Protected by MFG (0%)	0-1%	1-2%	2-3%	3-4%	4-5%	5-6%	6-7%	7-8%	8-9%	9-10%	10-11%	11-12%	Grand Total
Maintained	17	8	10	3	7	3	5	3	2	2		1	1	62
Recoupment Academy	26	11	9	4	6	2	4		1		1	1		65
<b>Grand Total</b>	<b>43</b>	<b>19</b>	<b>19</b>	<b>7</b>	<b>13</b>	<b>5</b>	<b>9</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>127</b>

4.5 There have been no changes to the weightings of the formula; all pupil led values have been increased by the same proportion, so the distribution is the natural outcome of the underlying intention of the historic Bristol mainstream formula.

4.6 **Tables 3a and 3b** give an indication of distribution of additional funding through the formula. Around 2/3rds of all schools will receive allocations of up to 2% per pupil more, with none receiving less than 0% per pupil. The other 1/3<sup>rd</sup> will receive increases per pupil greater than 2%.

4.7 **Table 3a** illustrates that there are no secondary schools who will receive more than 3% more per pupil than in 2017/18, whereas more than 1/3<sup>rd</sup> of primary schools will see rises of more than 3% per pupil. There have been no changes to the formula weightings and the pupil characteristics have been advised by ESFA, based on the October 2017 census. If schools are seeing rises beyond 3%, it is because either the profile of their pupil intake has changed since October 2016 (used for the 2017/18 formula) or their pupil intake profile has been different for some time, but the use of capping and scaling of gains has meant that these circumstances have not been fully taken into account previously.

4.8 **Table 3b** provides information about the split between maintained schools and academies. The Authority cannot differentiate between the different status of schools in applying the formula. This table is for information only.

- 4.9 Officers have completed the proposed APT on the basis of the strategy agreed at the November meeting, using the proposed available funding. This forms the basis of the recommendations to Cabinet about the Schools Block budget and the formula values for 2018/19. If Schools Forum has any feedback about the proposed distribution of the available funding through the formula, it is invited to convey that to Cabinet in time for its meeting on 23<sup>rd</sup> January 2018.

## **5. Future funding arrangements**

- 5.1 The DfE intends that the hard National Funding Formula should be introduced by 2020/21, with a further year of a soft NFF in 2019/20. This year, the proposal is to continue with the local funding formula, but plans need to be in place to migrate to the hard NFF over the next couple of years.
- 5.2 Clearly, the Schools Forum will oversee any changes to the formula, which may involve consulting with all schools, and Cabinet will take final decisions as appropriate. Nonetheless, the complexity of this work may benefit from a sub-group or reference group working through the detail of this.
- 5.3 Officers would welcome a steer on what arrangements Schools Forum would wish to see in managing this transition.

**Report for Schools Forum**  
**16<sup>th</sup> January 2018**

**Central School Services Block**

<b>Date of meeting:</b>	16 <sup>th</sup> January 2018
<b>Time of meeting:</b>	6.15 pm
<b>Venue:</b>	City Hall

**1. Purpose of report**

- 1.1 To inform Schools Forum of the Local Authority's Central School Services block allocation for 2018/19
- 1.2 To seek Forum's approval for the proposed use of the Central School Services block funding for 2018/19.

**2. Recommendations**

- 2.1 That Schools Forum approves the proposed use of the Central School Services Block funding in 2018-19 for:
  - a. LA Core Functions £0.912m;
  - b. School Admissions £0.461m;
  - c. Schools Forum £0.023m;
  - d. Combined Services £0.599m..
- 2.2 That Schools Forum notes that the licences it is required to pay on behalf of all local schools is £0.267m.
- 2.3 That Schools Forum notes that the LA is seeking advice over the Prudential Borrowing sum allocated.

**3. Background**

- 3.1 The Central School Services Block (CSSB) of the DSG has been introduced for the first time for 2018-19 as part of the implementation of the National Funding Formula.
- 3.2 The purpose of the CSSB is to provide funding for the statutory duties they 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

3.3 What has not changed is that the LA must still seek Schools Forum approval for Central Services spend, even though now this is no longer a top-slice from Schools Block.

#### 4. Detail

4.1 The provisional CSSB allocation for 2018-19 is £2.828m. This total is composed of two distinct components: on-going functions (£1.663m) and historic commitments (£1.165m)

**Table 1: Composition of Central School Service Block Allocations 2017/18 and 2018/19 and proposed allocation for 2018/19**

Type of funding	Component	Comparable 2017/18 DSG amount £'000	DSG Allocation 2018/19 £'000	Proposed 2018/19 budget £'000
Formulaic	LA Core functions	849	912	912
Formulaic	School Admissions	461	461	461
Formulaic	School Licences	247	267	267
Formulaic	Schools Forum	23	23	23
Historic	Combined Services	599	599	599
Historic	Prudential Borrowing"	566	566	0
<b>Total</b>		<b>2,745</b>	<b>2,828</b>	<b>2,262</b>

4.2 The context of this is that the local authority's funding to provide services to support education across the City has been squeezed from a number of quarters. For instance, the Authority has lost £2.5m of the previous £3.6m Education Services Grant with only the LA Core Functions element and the School Improvement Grant available as on-going funding. Schools Forum decided in November to discontinue the de-delegation arrangements for Teaching and Learning Consultants. The Early Years National Funding Formula arrangements have introduced a cap on central spending which limits spend to 5% of the funding received for 3 and 4 year old pupils. And the High Needs Block savings plan includes target reductions for local authority services.

4.3 The Service Director for Education and Skills has initiated a review of the provision of services across Education, including a consideration of the future model of Trading with Schools. This will take account of the existing and future statutory duties of a local authority with respect to Education and the Council's aspirations, within available resources.

- 4.4 At this point in time, therefore, plans about how funding should be best used for services are in flux and Schools Forum's support is sought in maintaining the level of resource from the Central School Services Block for 2018/19, pending the outcomes of the review in the next few months. It is expected that the outcomes of the review could be reported back to Schools Forum in the summer term.
- 4.5 **LA Core Functions £0.912m.** **Appendix 1** sets out the breakdown of the budget that was approved for 2017/18, with the additional £63k that is available in 2018/19 allocated at this stage on a percentage uplift basis. Officers expect to refocus the use of this allocation to be more explicitly aligned to the most important core statutory functions of the Local Authority, linked to those services that the DfE indicated as being funded from the former Education Services Grant. This may, for instance, result in more focus on the attendance and school improvement responsibilities and may result in some of the other elements shifting elsewhere.
- 4.6 **Admissions £0.461m.** There is no proposed change to this budget, but the needs of this service will be included in the overall review. Given that pupil numbers are increasing, it may be necessary to reconsider the resource available to the admissions function.
- 4.7 **School Licences £0.267m.** 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 2018/19 has been advised as £0.267m. There is no requirement for Schools Forum to specifically approve this line of the budget.
- 4.8 **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 2017/18 level.
- 4.9 **Combined Services £0.599m** The LA is proposing to use the funding provided under Historic Commitments to continue funding Combined Services as in 2017-18. A summary of how this is used is in Appendix 2. This historic budget line is problematic in that the DfE expect the funding to taper off over time and disappear. The Authority may only spend the funding on the same commitments as in the previous year and the amount may never increase. If the authority were not to budget for this line, the funding would revert to the ESFA, rather than be available to other activities in the CSSB or elsewhere in the DSG. In effect, this funding is also supporting core functions in the local authority and it may prove to be difficult to reduce this activity without creating a budget

pressure elsewhere. This will be a consideration in the review of Education Services referred to earlier.

**4.10 Prudential Borrowing Nil.** The costs of prudential borrowing were £0.566m, but the payments cease at the end of 2017/18, so there are no commitments for 2018/19. Officers are clarifying whether the £0.566m allocation for 2018/19 will be recovered when the LA indicates in the Section 251 Statement that it is not to be used, or if they will only recover it in a future year. There is a low probability that the funding can be allocated elsewhere in the DSG, but an update will be provided at a later meeting once the position is known.

**Appendix 1****Analysis of Core Statutory Education Functions  
proposed to be supported by £15 per pupil**

<b>Service Area</b>	<b>Allocation 2017/18</b>	<b>Proposed allocation 2018/19</b>
Early Years sufficiency & quality duties	296	321
School Partnerships: Sufficiency & quality duties	163	177
Education Psychology	154	167
SEN Parent Support/Mediation	17	19
Special Schools sufficiency & quality	15	16
Attendance	109	118
Fair Access	23	25
HR (statutory)	2	2
Finance (statutory)	27	29
Governors (statutory)	7	7
SACRE	3	3
Equalities	15	16
IT (statutory returns etc)	12	12
<b>TOTAL</b>	<b>843</b>	<b>912</b>

**Appendix 2****Combined Services Budget 2018/19**

<b>Service</b>	<b>Total 2017/18 £'000</b>	<b>Total 2018/19 £'000</b>
Director of Education and Skills	122	122
Equalities	45	45
Governor Support	21	21
HR	25	25
Primary Services	178	178
Pupil Census	35	35
School Place Planning	90	90
Secondary Services	83	83
<b>Grand Total</b>	<b>599</b>	<b>599</b>

## Bristol Schools Forum: High Needs Block Update

Date of meeting:	16 <sup>th</sup> January 2018
Time of meeting:	6:15pm
Venue:	City Hall

### 1. Purpose of the report

- 1.1 To update Schools Forum on progress with the key mitigating actions of the High Needs Deficit Recovery Plan as at Period 8 Forecast outturn.
- 1.2 To provide a 3 year impact projection in against period 8.

### 2. Recommendations

- 2.1 To note the budget forecast outturn for period 8 2017/2018 to comment on the 2018/19 forecast and 3 year projection.
- 2.2 To note progress and comment on the high needs block deficit recovery plan

### 3. Latest forecast position for 2017/2018 and 2018/2019

- 3.1 **Table 1** sets out the period 8 forecast for 2017/2018 and shows impact on 2018/2019 forecast.

**Table 1: Forecast 2017/2018 (Period 8) and impact on 18/19 forecast**

<b>Component</b>	<b>Previous Forecast 17/18 Period 6</b>	<b>Latest Forecast 17/18 Period 8</b>	<b>Change (adverse= positive)</b>
1. Places only	15,959	15,959	0
2. SEN Top-ups	24,044	23,092	-952
3. AP Top-ups	851	851	-
4. Other SEN provision	5,817	5,690	-127
5. Other AP provision	4,725	4,717	-7
6. Services	3,386	3,378	-8
<b>Total Commitment</b>	<b>54,782</b>	<b>53,688</b>	<b>-1,094</b>
Brought Forward	-3,180	-3,180	0
Transfer from Schools Block	0	0	0
DSG Funding (gross)	50,649	50,597	52
<b>Total Funding</b>	<b>47,469</b>	<b>47,417</b>	<b>52</b>
<b>Overspend (cumulative)</b>	<b>7,313</b>	<b>6,127</b>	<b>-1,042</b>

3.2 The period 8 forecast position has improved by **£1.042m** on the period 6 forecast presented to Forum in November 2017. The components of that improvement are explained below.

3.3 **SEN Top ups:** As a result of collaborative working across schools and the LA, actual allocation for mainstream schools was £0.445m under-projected spend, and actions taken in 2017/18 are beginning to show impact. GFE top-up reduced by £0.507m. The ESFA has now issued new guidance to LA's which removes funding for over-number element 2 places. The impact of this is seen in an improvement against the forecast and monthly panels are now fully embedded.

3.4 **Other SEN Provision:** A review of processes within the service resulted in a reduction in the contingency allocation by £0.127m for placements in independent non-maintained settings.

#### 4. High Needs Deficient Recovery Action Plan and impact upon 3 year forecast

4.1 Officers have been working on mitigating actions to reduce the in-year and historic deficit in the High Needs budget. The decision of Schools Forum to transfer £2m of Schools Block funding for 2018/19 is helpful in providing some scope for slippage if that proves unavoidable or for addressing the historic deficit. The proposal to transfer a further £0.7m (to be considered at Cabinet on 23<sup>rd</sup> January 2018) would assist in the same way.

4.2 Schools Forum are aware of the plans to mitigate the financial position as they were explained at the meeting in November 2017 and they amounted to £4.950m. Further work has been done to develop these and to assess the appropriate profile for these savings across three financial years. In so doing, the total has increased to £7.2m.

4.3 Each of the savings proposals and the planned profile have been set out in Table 2 and the intent, impact and risks of each of the proposals is explained in **Appendix 1**.

**Table 2: Revised and profiled savings measures for High Needs Block 2017/18 to 2019/20**

Category	Proposal	Savings measures 2017/18 £'000	Savings measures 2018/19 £'000	Savings measures 2019/20 £'000	Total £'000
1. Places only	1.1 Revise agreed places, based on occupancy, including FE		-761	-95	<b>-856</b>
2. SEN Top-ups	2.1 Negotiate lower contributions to FE Element 2s and to standardised FE top-ups	-500	-466		<b>-966</b>
	2.2 Review the process for allocating top-ups, how we fund	-250	-1,151		<b>-1,401</b>

Category	Proposal	Savings measures 2017/18 £'000	Savings measures 2018/19 £'000	Savings measures 2019/20 £'000	Total £'000
	Bands 2 and 3 without EHC plans and levels of contingency built in.				
	2.3 Develop revised models for special schools		-1,166	-834	<b>-2,000</b>
3. AP Top-ups	3.1 Develop revised models for PRUs		-150		<b>-150</b>
4. Other SEN provision	4.1 Use Capital Strategy to re-provide local, less expensive provision		0		<b>0</b>
5. Other AP provision	5.1 Share funding for Early Intervention Bases with schools		-450		<b>-450</b>
	5.2 Target saving for Hospital Education Service		-200		<b>-200</b>
	5.3 Restrict external AP provision to budget		-350	-150	<b>-500</b>
6. Services	6.1 Target saving for services		-408	-242	<b>-650</b>
<b>Total full-year impact</b>		<b>-750</b>	<b>-5,102</b>	<b>-1,321</b>	<b>-7,173</b>

4.4 The areas where the savings targets have increased since the previous report are in top-ups. For Further Education, the work being done to control spend to get to reasonable rates has generated more savings than expected. Also, the levels of commitments on top-ups for mainstream schools and resource bases included provisions for future demand that were not borne out by the outcomes of the top-up panels in November 2017.

4.5 The profile of savings has been spread over three financial years. In particular the changes for special schools and for some of the reductions to services have been spread on the basis that material changes will need planning and may not therefore be deliverable before September 2018.

4.6 These assumptions have been brought together with calculations of the underlying commitments against each of the budget lines to produce a forecast estimate for 2018/19 financial year. Cabinet will be asked to agree the 2018/19 budget proposal, set out in **Appendix 2**.

4.7 Clearly, the budget plan, even with £5.1m of mitigations in 2018/19 financial year and the inclusion of up to £2.7m will still not bring the cumulative deficit down to zero. Schools Forum members have rightly been asking for a three-year plan to get the High Needs budget back in balance.

4.8 **Appendix 3** sets out the high level assumptions which have been made to illustrate how the High Needs Budget might get to a balanced position within three years. **Table 3** summarises this position.

**Table 3: Summary of Three Year High Needs Budget Plan**

<b>Component</b>	<b>Forecast 17/18 Period 8</b>	<b>Proposed 2018/19 budget</b>	<b>Forecast 19/20</b>	<b>Forecast 20/21</b>
1. Places only	15,959	14,610	14,515	14,515
2. SEN Top-ups	23,092	22,664	21,830	21,830
3. AP Top-ups	851	737	737	737
4. Other SEN provision	5,690	5,904	5,904	5,904
5. Other AP provision	4,717	4,039	3,889	3,889
6. Services	3,378	2,997	2,755	2,755
<b>Total Commitment</b>	<b>53,688</b>	<b>50,952</b>	<b>49,631</b>	<b>49,631</b>
Brought Forward	-3,180	-6,271	-3,925	-959
Transfer from Schools Block		2,000	2,000	0
General fund contribution		700	0	0
DSG Funding retained 2017/18	50,597	50,597	50,597	50,597
<b>Total Funding</b>	<b>47,417</b>	<b>47,026</b>	<b>48,672</b>	<b>49,638</b>
<b>Overspend (cumulative)</b>	<b>6,271</b>	<b>3,925</b>	<b>959</b>	<b>-8</b>

4.9 The three year plan incorporates the latest forecast for 2017/18 and the proposed budget for 2018/19, plus natural changes to commitments, changes to funding and savings measures as per **Table 2**.

4.10 All of the figures from 2018/19 onwards are at current prices. Inflationary pressures are likely to emerge over the three year period and will need to be taken into account. Also, the growing cohort of pupils in Bristol schools generally is likely to have a bearing on the numbers of pupils with high needs. No assumptions have been made about any increases in the DSG High Needs Block income. The experience of 2018/19 is that some additional funding for cost and pupil profile changes was factored into the base amounts received in 2017/18. While the reality is likely to be different, the working assumption at this stage is that any cost and net demand pressures will be contained within any additional High Needs DSG that may be receivable in future years.

4.11 The assumptions about contributions from the Schools Block and from the General Fund are not certain beyond 2018/19. Any decision to repeat the £2m transfer from Schools Block to High Needs Block could only happen with a formal decision of Schools Forum and 2019/20 may be the last opportunity to consider this. The contribution from the General Fund is not guaranteed beyond 2018/19, although the plan is to continue to provide matching funding to the DSG overall, for as long as the National Funding Formula for maintained schools does not recognise the additional PFI Affordability Gap explained in the Schools Block paper.

4.12 Such a complex set of budgets with so many dependencies will generate many risks. The following risks have been identified, associated with this plan, some of which are reflected in the individual savings measures included in Appendix 1.

4.13 The following risks to the above assumptions have been identified

- a) Management of change costs for maintained special schools has not been included.
- b) Capital sufficiency via Free special school and AP schools could be delayed
- c) Continued volatility of the other SEN provisions including Children in Care and High Needs placements out of LA
- d) Continued increase in primary permanent exclusions and continued high level use of secondary AP provision
- e) Service reductions in light of significant ESG reductions.
- f) Reductions in places to reflect occupancy assumes a set level of growth and a higher level of inclusion in mainstream schools
- g) Population growth is expected and 19-25 remains highly volatile.

4.14 Officers met with the **Inclusion Reference Group** on 9th January 2018. This group continues to meet to support the School Forum and the Local Authority through a partnership model. The IRG feedback on these proposals, which were explained in outline form, was broadly positive to achieving the plan and a balanced budget in the 3 years. They remain concerned regarding the number and the potential impact of the identified risks but continue to be very engaged in continuing to seek solutions with the LA. The IRG are actively pursuing increased opportunities for school to school support.

## 5. Financial Implications

- 5.1 The Chief Finance Officer continues to monitor the HNB closely as part of Schools financial strategy through regular updates to Cabinet. The level of accumulated deficit on the High Needs Budget is concerning. The planned mitigations need to be tightly controlled if the three year budget plan is to deliver a balanced position by 2020/21.

## 6. Conclusion

- 6.1 The forecast deficit is £6.3m to the end of 2017/18, £4m to the end of 2018/19, £1m to the end of 2019/20, then balanced by 2020/21. This requires the savings measures to be delivered as per the expected profile and for new pressures to be offset by changes in the level of the High Needs Block DSG in future years. There are risks associated with this strategy, but it is important that a plan is in place which can help guide the service, in partnership with schools, to understand how we can get back to a sound financial footing with three years.

## Glossary of Terms

BCC	Bristol City Council
LA	Local Authority
SEND	Special Educational Needs and Disability
PRU	Pupil Referral Unit
ALP/AP	Alternative Learning Provision
EIB	Early Intervention Base
BHES	Bristol Hospital Education Service
CAMHS	Child and Adolescent mental Health Services
GFE	General Further Education (college)
IRG	Inclusion Reference group

Appendix 1

Summary of savings targets in High Needs Deficit Recovery Action Plan

Category	Proposal	Total Target Saving £'000	What will be done?	What impact will this have?	What are the risks associated with pursuing this?
1. Places only	1.1 Revise agreed places, based on occupancy, including FE	-856	<ul style="list-style-type: none"> <li>Confirm special school and RB places for September 2018</li> <li>Confirm FE numbers for September 2018</li> <li>Clarify internal processes for decision making for place planning ,embed local data collection for supporting capital projections, assess impact on schools budget</li> <li>Rewrite SLA with RB's where place numbers require changing and establish specifications for each special school</li> </ul>	<ul style="list-style-type: none"> <li>This will provide an annual summary of the numbers of places needed to meet sufficiency duty and align this with numbers of requests to statutory assessments, specialist places required across resource bases, special schools and for FE colleges.</li> <li>This will support accurate forecasting against HNB and confirm long term projections based on census / commissioning data.</li> <li>This will support parents and professionals and contribute towards ensuring we have the right amount of places in the right location.</li> </ul>	<ul style="list-style-type: none"> <li>There will be changes to special schools, Resource bases and FE colleges funding on an annual basis.</li> </ul>
					<p><i>Not pursuing - Not meeting statutory duties for enough places Loss of confidence in LA</i></p>
2. SEN Top-ups	2.1 Negotiate lower contributions to FE Element 2s and to standardised FE top-ups	-966	<ul style="list-style-type: none"> <li>Seek decision from ESFA for x-regional payments for commissioned places over numbers</li> <li>Embed monthly decision making forums for top up applications</li> </ul>	<ul style="list-style-type: none"> <li>This will ensure that commissioned places match forecast cost.</li> <li>This ensures rigorous oversight and decision making</li> </ul>	<ul style="list-style-type: none"> <li>Disagreement between FE colleges and LA regarding funded numbers</li> </ul>
					<p><i>Not pursuing – Continued pressure in HNB top up</i></p>
	2.2 Review the process for allocating top-ups, how we fund Bands 2 and 3 without EHC plans and levels of contingency built in.	-1,401	<ul style="list-style-type: none"> <li>IRG Top Up working group to lead on rewriting BUDS to clarify school support (school based support) and decision making process for future HNB funding</li> <li>IRG to compare national best practice including use of pupil premium and issue guidance for schools (if agreed)</li> <li>IRG to support development of increased numbers of SLE's for inclusion</li> </ul>	<ul style="list-style-type: none"> <li>This will clarify school funded SEN support and HNB allocations, process for decision making and ongoing monitoring including impact on improving outcomes.</li> <li>Realign HNB funding to statutory requirements for pupils with EHCP's</li> <li>Ensure that all funding routes are supporting CYP with SEND, whether at school (SEN support) or EHCP</li> <li>Increase pace of school- school support to improve outcomes and attainment, reduce exclusions</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the number of statutory assessment requests and related impact on performance against statutory timescales.</li> <li>Increasing pressures on staff to deliver within statutory performance requirements</li> <li>Increase in parental mediations and appeals where EHCP are not agreed.</li> </ul>
					<p><i>Not pursuing –</i></p> <ul style="list-style-type: none"> <li><i>Continued pressure in HNB top up</i></li> </ul>
	2.3 Develop revised models for special schools	-2,000	<ul style="list-style-type: none"> <li>Meet with Special Headteachers as a workshop activity and follow up</li> <li>Determine a staffing ratio for every Bristol special school (including academies) for the typical needs of the children who attend that school</li> <li>Model impact of new staffing ratio's for each school</li> </ul>	<ul style="list-style-type: none"> <li>Ensure clarity and equity across special schools , which standardises generic provision and supports individual school specialisms.</li> </ul>	<ul style="list-style-type: none"> <li>Financial stability of special schools and subsequent impact upon level and quality of provision to children and families.</li> <li>Loss of confidence as above</li> </ul>
					<p><i>Not pursuing – Continued pressure in HNB</i></p>
3. AP Top-ups	3.1 Develop revised models for PRUs	-150	<ul style="list-style-type: none"> <li>Meet with PRU heads</li> </ul>	<ul style="list-style-type: none"> <li>As above</li> </ul>	<ul style="list-style-type: none"> <li>As above</li> </ul>
4. Other SEN provision	4.1 Use Capital Strategy to re-provide local, less expensive provision	0	<ul style="list-style-type: none"> <li>Progress options for capital options to include impact on HNB ( Officers)</li> </ul>	<ul style="list-style-type: none"> <li>This is a statutory requirement – to provide enough special places to meet need in the right</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

Category	Proposal	Total Target Saving £'000	What will be done?	What impact will this have?	What are the risks associated with pursuing this?
			<ul style="list-style-type: none"> <li>Assess impact of 3 expected Free schools; to include impact of NOT achieving sufficiency (delayed opening dates) and costs of making different provision</li> </ul>	<ul style="list-style-type: none"> <li>geographical area.</li> <li>This will allow accurate forecasting and assess impact over HNB where planned sufficiency is not achieved.</li> </ul>	<p><i>Not pursuing – Additional pressures in HNB as different ,more expensive provision would be needed Not meeting statutory duty for sufficiency Risk of challenge under Equalities Act and disability discrimination</i></p>
5. Other AP provision	5.1 Share funding for Early Intervention Bases with schools	-450	<ul style="list-style-type: none"> <li>Establish joint steering group to share pilot information, determine options and share with IRG</li> <li>Agree options and implement from April 2018</li> </ul>	<ul style="list-style-type: none"> <li>EIB's support early identification and assessment and inclusion for pupils at SEN school support. This would establish a joint funding with schools in the same way as secondaries schools.</li> </ul>	<ul style="list-style-type: none"> <li>Schools not agreeing to jointly fund and continued pressure in the HNB for primary placements</li> </ul> <p><i>Not pursuing – HNB continues to absorb costs related to supporting pupils at SEN school support. Continued pressures in HNB Increase in Primary permanent exclusions</i></p>
	5.2 Target saving for Hospital Education Service	-200	<ul style="list-style-type: none"> <li>Review current budget and pupil numbers across all sites and determine options for funding. Through BIP steering group consider options and agree</li> <li>Young parent education offer to be reviewed and final decision through Cabinet</li> </ul>	<ul style="list-style-type: none"> <li>This would establish joint funding with the schools block where pupils are at SEN school support level.</li> </ul>	<ul style="list-style-type: none"> <li>Schools not agreeing to jointly fund and continued pressure in the HNB</li> </ul> <p><i>Not pursuing – HNB continues to absorb costs related to supporting pupils at SEN school support. Continued pressures in HNB</i></p>
	5.3 Restrict external AP provision to budget	-500	<ul style="list-style-type: none"> <li>Monitor current contracts to ensure placement numbers</li> <li>Clarify internal placement mechanisms and BIP placements</li> </ul>	<ul style="list-style-type: none"> <li>This will ensure that we monitor the level of pupil placements made in alternative provision.</li> <li>This ensures robust financial monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul> <p><i>Not pursuing – Continued pressures in HNB</i></p>
6. Services	6.1 Target saving for services	-650	<ul style="list-style-type: none"> <li>All teams supporting schools funded from HNB to be reviewed on non- statutory/statutory work and percentage split</li> <li>Funding stream options to be explored and assessed, including shared funding .</li> <li>Teams included: Bristol autism team, sensory support (Joint LA funded ) service, HOPE school, Specialist Education &amp; Access (Alternative learning provision Hub, Safeguarding in Education team, SEND development managers, school improvement, procurement and strategic commissioning contributions, Early Years- Gypsy, Roma Traveller post (joint funded), Early Intervention- Youth Offending contribution, TWS (Educational psychologists, head of school partnerships)</li> </ul>	<ul style="list-style-type: none"> <li>This will clarify the appropriate funding streams which are needed to meet statutory school duties by schools and statutory duties which are relevant to the HNB.</li> </ul>	<ul style="list-style-type: none"> <li>Reductions in funding to services supporting children and families with SEND, resultant loss of confidence and poorer outcomes for children in specific circumstances.</li> </ul> <p><i>Not pursuing – HNB continues to absorb costs related to supporting pupils at SEN school support.</i></p>
<b>Total full-year impact</b>		<b>-7,173</b>			

## Appendix 2

### Proposed High Needs Budget 2018/19

Heading	Component	Forecast Commitments 2018/19	Mitigating Actions	Proposed High Needs Budget 2018/19
1. Places only	Academy Recoupment	8,200	-364	7,836
1. Places only	Core Place Funding	7,170	-397	6,773
1. Places only	EFA Recoupment			
<b>1. Places only Total</b>		15,371	-761	14,610
2. SEN Top-ups	GFE Top Up	2,228	-466	1,762
2. SEN Top-ups	Maintained Schools (Bristol)	4,312	-767	3,545
2. SEN Top-ups	OLA Top-Up	1,438		1,438
2. SEN Top-ups	Provision for new cases			
2. SEN Top-ups	Resource Bases (Bristol)	2,222	-384	1,838
2. SEN Top-ups	Special Schools (Bristol)	15,248	-1,166	14,082
<b>2. SEN Top-ups Total</b>		25,447	-2,783	22,664
3. AP Top-ups	PRU (Bristol)	887	-150	737
<b>3. AP Top-ups Total</b>		887	-150	737
4. Other SEN provision	INM Preventative	60		60
4. Other SEN provision	ISP's	618		618
4. Other SEN provision	SEN Equipment	85		85
4. Other SEN provision	Special Placements Post 16	2,002		2,002
4. Other SEN provision	Special Placements Pre 16	3,140		3,140
<b>4. Other SEN provision Total</b>		5,904		5,904
5. Other AP provision	AP Block	1,049		1,049
5. Other AP provision	AP Spot	1,385	-350	1,035
5. Other AP provision	Early Intervention Bases	450	-450	
5. Other AP provision	Hospital Provision	2,156	-200	1,956
<b>5. Other AP provision Total</b>		5,039	-1,000	4,039
6. Services	ALN Commissioning	1,041	-208	833
6. Services	ALN Staffing	895		895
6. Services	Hope Virtual School	436	-200	236
6. Services	Schools in Financial Difficulty	307		307
6. Services	SEN Assessment & Therapy	169		169
6. Services	SEN Safeguarding			
6. Services	TWS Commissioning	558		558
<b>6. Services Total</b>		3,405	-408	2,997
<b>Grand Total</b>		<b>56,054</b>	<b>-5,102</b>	<b>50,951</b>

## Appendix 3

### Composition of Three Year High Needs Budget Plan

Component	Forecast 17/18 Period 8	Funding changes	Natural changes	Savings measures	Proposed 2018/19 budget	Funding changes	Natural changes	Savings measures	Forecast 19/20	Funding changes	Natural changes	Savings measures	Forecast 20/21
1. Places only	15,959		-588	-761	14,610			-95	14,515				14,515
2. SEN Top-ups	23,092		2,355	-2,783	22,664			-834	21,830				21,830
3. AP Top-ups	851		36	-150	737				737				737
4. Other SEN provision	5,690		214		5,904				5,904				5,904
5. Other AP provision	4,717		322	-1,000	4,039			-150	3,889				3,889
6. Services	3,378		27	-408	2,997			-242	2,755				2,755
<b>Total Commitment</b>	<b>53,688</b>	<b>0</b>	<b>2,366</b>	<b>-5,102</b>	<b>50,952</b>	<b>0</b>	<b>0</b>	<b>-1,321</b>	<b>49,631</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,631</b>
Brought Forward	-3,180	-3,091			-6,271	2,345			-3,925	2,966			-959
Transfer from Schools Block		2,000			2,000				2,000	-2,000			0
General fund contribution		700			700	-700			0				0
DSG Funding retained 2017/18	50,597				50,597				50,597				50,597
Total Funding	47,417	-391	0	0	47,026	1,645	0	0	48,672	966	0	0	49,638
Overspend (cumulative)	6,271				3,925				959				-8

**Bristol Schools Forum**  
**Early Years DSG Funding 2018/19**

<b>Date of meeting:</b>	16 <sup>th</sup> January 2018
<b>Time of meeting:</b>	6.15 pm
<b>Venue:</b>	City Hall

**1. Purpose of report**

1.1. This report sets out the indicative funding for the Early Years Block for 2018/19 and the key principles of and values in the Early Years Funding Formula.

**2. Recommendations**

2.1. Schools Forum is invited to:

- a. Note the arrangements for the Early Years Block for 2017/18 and 2018/19, in particular the point that levels of spend are dependent on levels of participation at future pupil censuses, so budgets will need to allow for this;
- b. Comment on the proposed use of the centrally retained funding within the permitted 5% cap; and
- c. Comment on the proposed formula values for 2018/19.

**3. Available Funding 2017/18 and 2018/19**

3.1. The Early Years Block of the Dedicated Schools Grant (DSG) provides local authorities with six relevant funding streams which together form the early years block of the DSG. They are:

- a) the early years entitlement for disadvantaged two year olds
- b) the early years universal entitlement for three and four year olds
- c) the early years additional entitlement for three and four year old children of eligible working parents
- d) supplementary funding for Maintained Nursery Schools (MNS)
- e) the Early Years Pupil Premium (EYPP)
- f) the Disability Access Fund (DAF)

3.2. The allocations for 2017/18 and 2018/19 are set out in **Table 1**.

**Table 1: Comparison between latest indicative Early Years DSG for 2017/18 and 2018/19**

Component	2017/18 EY Block Indicative DSG (Nov 17)			2018/19 EY Block Indicative DSG (Dec 17)		
	Rate per hour	Part-time equivalent pupils	Indicative DSG £'000	Rate per hour	Part-time equivalent pupils	Indicative DSG £'000
3&4 Year Old <15 hour provision	£6.00	7,361.66	25,177	£5.70	7,361.66	23,918
3&4 Year Old Supplementary 15 hour provision	£6.00	973.68	3,330	£5.70	1,732.00	5,627
2 Year Old provision	£5.43	1,486.40	4,601	£5.43	1,486.40	4,601
EY Pupil Premium			366			366
Disabled Access Fund			103			97
Maintained Nursery Supplement			1,249			931
<b>Total indicative EY DSG</b>			<b>34,826</b>			<b>35,540</b>

3.3. The 5% reduction in the rate for 3 and 4 year olds (from £6 to £5.70) has been anticipated because it is the move to a national funding formula for early years provision. The supplementary 15 hour provision was introduced in September 2017, so the 2018/19 increased participation is the forecast full-year impact. There is no change to the rates for 2 year olds. The Maintained Nursery Supplement has reduced from the originally notified £1.297m for 2017/18 to the latest figure of £1.249m and this has been further reduced for 2018/19 by a further £0.318m to £0.931m, ostensibly because the DfE are taking account of the January 2017 participation levels.

3.4. For all of the 2, 3 and 4 year old allocations, the final DSG is based on participation levels during the year. The indicated part-time equivalent pupils can only be estimates. The Authority is required to distribute the available funding on the basis of an agreed formula, corresponding to the requirements of the Early Years National Funding Formula. The guidance on how to allocate that funding is explained in the next section.

#### **4. How funding must be distributed.**

4.1. DfE Guidance on funding for Three and Four Year Olds states that Local authorities:

- should set a single funding rate (including the same base rate and supplements) for both the universal 15 hours, and the additional 15 hours for working parents of three and four year olds
- must plan to spend at least 95% of their three and four year old funding from government on the delivery of the government entitlements for three and four year olds

- must use a deprivation supplement in their local three and four year old formula, and any other supplements used must fall within one of the allowable categories
- must not channel more than 10% of their funding for three and four olds through funding supplements
- can continue to use 'lump sums' to distribute Government funding, including the supplementary MNS funding for Maintained Nursery Schools to enable the protection of their 2016 to 2017 funding rates
- must provide a SEN Inclusion Fund (SENIF) for three and four year olds
- must pass on the Early Years Pupil Premium (EYPP) in full to providers for eligible three and four year olds
- must pass on the Disability Access Fund (DAF) funding in full to providers for eligible three and four year olds

4.2. DfE Guidance on funding for disadvantaged Two Year Olds states that:

- there is no 'pass-through requirement' for two year olds
- there are no compulsory supplements for two year olds, and local authorities are encouraged to fund providers on the basis of a flat hourly rate for all providers
- Local authorities are not required to establish a SEN Inclusion Fund for two year olds. However, they may wish to do so as part of their provision for children with Special Educational Needs.

4.3. DfE Guidance on Funding supplements explains that funding supplements are amounts of funding paid to providers in addition to the base rate to reflect local needs or policy objectives. The total value of funding supplements used must not be more than 10% of the total value of planned funding to be passed through to providers. The allowable supplements are:

- deprivation (mandatory supplement); local authorities must use this supplement to recognise deprivation in their areas
- rurality or sparsity (discretionary supplement); to enable local authorities to support providers serving rural areas less likely to benefit from economies of scale
- flexibility (discretionary supplement); to enable local authorities to support providers in offering flexible provision for parents
- quality (discretionary supplement); to support workforce qualifications, or system leadership (supporting high quality providers leading other providers in the local area); any system leadership supplement should be open and transparent in terms of the process for choosing the 'leaders', the funding arrangements, and the support to be provided
- English as an additional language (EAL) (discretionary supplement)

4.4. DfE has included changes to guidance for 2018 to 2019:

- the pass-through rate will increase from 93% in 2017/2018 to 95% in 2018/ 2019
- clarification that local authorities' formulas should not distinguish between the two entitlements for three and four year olds (ie the first 15 hours and the second 15 hours).

**5. Funding arrangements for Bristol 2018/19**

5.1. Following consultation with the early years' sector in 2016/17, BCC agreed to adopt the discretionary supplement for quality, to support system leadership. Expert practitioners provide universal and targeted support for settings, in line with identified need and local priorities: Early Language and Communication, Early Maths, Birth to Threes, Inclusion and Equalities, Assessment and Transition, and Family Support.

5.2. Other than the increase in the pass-through rate from 93% to 95% no further changes to the Early Years Funding Formula are planned in Bristol for 2018/19.

5.3. Tables 2a and 2b set out the hourly funding rates and indicative total budgets required for 3 and 4 year olds and for 2 year olds.

**Table 2a: Proposed funding rates and estimated budgets for 2017/18 and 2018/19 (3 and 4 Year olds)**

<b>Component of 3 and 4 year old funding</b>	<b>2017/2018 Hourly rates (£p)</b>	<b>Allocation based on 8,335.34 pte pupils £'m</b>	<b>2018/2019 Hourly rates (£p)</b>	<b>Allocation based on 9,093.66 pte pupils £'000</b>
3 and 4 year olds base allocation per part-time equivalent pupil (15 hours)	£5.02	£23.851m	£4.88	£25.295m
Deprivation Supplement (23.2% share of 10% of devolved rate)	£0.13	£0.618m	£0.13	£0.674m
Quality Supplement (30.3% share of 10% of devolved rate)	£0.17	£0.808m	£0.16	£0.881m
Emerging SEN (46.5% share of 10% of devolved rate)	£0.26	£1.235m	£0.25	£1.244m
LA centrally retained funding (7% 17/18, 5% 18/19 of gross funding)	£0.42	£1.995m	£0.28	£1.451m
<b>Total funding for each pte pupil</b>	<b>£6.00</b>	<b>£28.507m</b>	<b>£5.70</b>	<b>£29.545m</b>

5.4. The figures in Table 2a meet the pass-through requirement of 95%. The base rate for settings is 1p higher than previously notified because the final hourly rate for 3 & 4 year olds is protected at £5.70 for 2018/19 ( at the maximum reduction of 5%), rather than at the formulaic allocation of

£5.69. The maximum 10% supplements have been allocated on the same proportions as 2017/18, rounded to the nearest whole penny per hour.

**Table 2b: Proposed funding rates and estimated budgets for 2017/18 and 2018/19  
 (2 Year olds)**

<b>Component of 2 year old funding</b>	<b>2017/2018 Hourly rates (£p)</b>	<b>Allocation based on 1,486.40 pte pupils £'000</b>	<b>2018/2019 Hourly rates (£p)</b>	<b>Allocation based on 1,486.40 pte pupils £'000</b>
Retained to administer 2 year old arrangements	£0.03	£0.025m	£0.03	£0.025m
2 year olds base allocation per part-time equivalent pupil (15 hours)	£5.40	£4.575m	£5.40	£4.575m
<b>Total funding for each pte pupil</b>	<b>£5.43</b>	<b>£4.600m</b>	<b>£5.43</b>	<b>£4.600m</b>

- 5.5. The allocations for 2 year olds are the same as for 2017/18. The 3p per hour administration charge amounts to £25k and this funds part of the central Early Years Team.
- 5.6. The funding for maintained nursery schools will be allocated on the basis of the supplement per pupil agreed by the DfE, protecting levels of funding for maintained nursery schools in 2016/17. Officers will follow up with the ESFA the reasons why the allocation has dropped for 2018/19.
- 5.7. The funding for Disabled Access Funding will be allocated on the basis of £615 per eligible child.
- 5.8. The funding for Early Years Pupil Premium will be allocated on the basis of 53p per hour for eligible children (ie £302.10 for 570 hours).
- 5.9. On the basis of the 5% cap for 2018/19, the Authority would intend to budget for the services set out in Table 3.

**Table 3: Components of 2017/18 and proposed 2018/19 central spend**

<b>Component</b>	<b>Allocation 2017/18 £'000</b>	<b>Allocation 2018/19 £'000</b>	<b>Change £'000</b>	<b>Comment</b>
Early Years Central Team	£1.414m	£1.276m	-£0.138m	There have been vacancies in 2017/18 which will not be filled.
Speech and Language Therapy	£0.220m	£0.200m	-£0.020m	Renegotiated contract value.
Contingency / unallocated	£0.386m	£0m	-£0.386m	No direct service impact, but this removes some flexibility.
<b>Total central spend</b>	<b>£2.020m</b>	<b>£1.476m</b>	<b>-£0.544m</b>	The 2018/19 figure includes the £1.451m from 3&4 year olds and the £25k from 2 year olds

## 6. Risks

- 6.1. The introduction of the additional 15 hours a week of childcare for the three and four year olds of working parents in September 2017 presents a new challenge as we do not yet know the percentage of eligible parents that will be taking up this offer. 2,033 children are currently accessing their 30 hour entitlement in Bristol, 98% of the codes issued. This is higher than the activity levels used by the DfE in their calculations for the 2018/19 DSG.
- 6.2. Additional budget pressures could be created if large numbers of children taking up the 30 hours entitlement are living in areas of deprivation and therefore attracting a higher hourly funding rate.
- 6.3. The 2% reduction in centrally retained funding will impact on the capacity of the Early Years' Service, but this is being addressed through a review and rationalisation of central staffing structures.
- 6.4. Take up of the Early Years Free Entitlement is not consistent across the academic year, with fewer children accessing their place in the Autumn Term. It is therefore difficult to predict with any accuracy what the annual take up rate will be.
- 6.5. A supplementary paper will be presented to Schools Forum in March with updated information on the uptake of the Free Early Education and Childcare Entitlement and an assessment of the impact on the Early Years Block.

## 7. Financial implications

- 7.1. The strategic financial position on the Early Years DSG is dependent on linking the levels of activity (eg numbers of part-time equivalent pupils, actual profile of deprivation allocations etc) against the income that will be generated from the variable DSG, sometimes in future terms. Higher levels of participation will generate some leeway for central spend, SEN and quality components of the formula; lower participation than anticipated may produce financial difficulties if the differences are material.
- 7.2. The introduction of the supplementary 15 hours has made the calculations more complex and officers have not fully worked through the detail to establish the full impact of the autumn term participation rates on funding levels. It is imperative that this is established and a process for monitoring in this way is embedded as the margins for error have reduced significantly with the introduction of the Early Years National Funding Formula where the headline rate for 3 and 4 year olds in Bristol has reduced from £6.30 to £5.70 in two years.
- 7.3. A further report to the March 2018 meeting to validate the strategic financial position would be most helpful.