

Decision Maker: **SCHOOLS' FORUM
EDUCATION PORTFOLIO HOLDER**

Date: **For Pre-Decision Scrutiny by the Education Budget Sub-Committee on
Thursday 14 January 2016**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **2016-17 DEDICATED SCHOOLS GRANT**

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Chief Officer: Director of Education

Ward: (All Wards);

1. Reason for report

This report provides information on the 2016-17 Dedicated Schools Grant and how it will be allocated.

2. **RECOMMENDATION(S)**

The Schools Forum and Education Budget Sub-Committee are requested to:

- (a) Note the DSG allocation for 2016/17;
- (b) Discuss the proposed allocation, with specific reference to the further use of DSG carry forward to support 2016/17 expenditure as detailed in para 3.8;
- (c) Discuss proposals for reducing expenditure in future years;
- (d) Provide any comments for consideration by the Portfolio Holder for Education;

The Schools Forum Maintained Primary Representatives are requested to:

- (e) Agree de-delegation amounts for maintained primary schools for 2016/17 as detailed in para 3.13;

Subject to the views of the Schools Forum and Education Budget Sub-Committee, the Portfolio Holder for Education is requested to either:

- (f) Approve the Dedicated Schools Grant allocation to the Schools Budget for 2016/17 as per para 3.14; or
- (g) Agree that a decision on the final allocation will be requested at the Education PDS Committee meeting on 19th January 2016 reflecting any required changes.

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Children and Young People, Excellent Council
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Dedicated Schools Grant
 4. Total current budget for this head: £251m
 5. Source of funding: Department for Education
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Staff

1. Number of staff (current and additional): Full details will be available with the Council's 2016/17 Financial Control Budget published in March 2016
 2. If from existing staff resources, number of staff hours: n/a
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Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): n/a
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments:

3. COMMENTARY

3.1 In December 2015 the DfE released the final Dedicated Schools Grant (DSG) for 2016/17 based on the final units of funding that were released back in July. The final units of funding have increased marginally from 2015/16 (from £4,545.22 to £4,548.24) to include funding for non-recoupment academies/free schools that was previously funded separately. Full details of this adjustment can be seen via the link below:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/446185/SBUFs_2016-17_technical_note_publication_version1.pdf

3.2 Appendix 1 shows how the pupil numbers have been calculated for use in the overall calculation of the DSG. Full details of the DSG allocations can be seen via the link below but is summarised in the table below.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/485625/DSG_2016-17_allocations_spreadsheet_final.xls

3.3 The total DSG for 2016/17 has been calculated at £251,368,021 as detailed below:

2016/17 Dedicated Schools Grant					
High Needs Block		Early Years Block		Schools Block	
2015/16 funding restated (a)	£48,268,652	Pupil numbers (c)	3,247	Pupil numbers (h)	42,560
less		Funding per pupil (d)	£3,899	Funding per pupil (i)	£4,548
Academy unit places	£2,972,000	EY Pupil Funding (c x d = e)	£12,661,579	Pupil Funding (h x i = j)	£193,573,094
AP places	£1,391,674	add		add	
Maintained Special Schools Post 16	£920,000	2 Year Old Funding (f)	£1,845,888	NQT funding (k)	£61,652
Total Deductions (b)	£5,283,674	Early Years Pupil Premium (g)	£240,829		
Final Total (a - b)	£42,984,978	Final Total (e + f + g)	£14,748,296	Final Total (j + k)	£193,634,746
Grand Total					£251,368,021

3.4 The DSG income is generally in line with what was expected and what has been received in previous years, however there are issues regarding the related expenditure which Members are asked to consider. In 2015/16 a balanced budget was set at the start of the financial year (taking into account planned expenditure to be funded from the unspent DSG carried forwards from previous years) as agreed by the Schools Forum. However, based on the most recent estimates it is likely that the DSG budget will be overspent by around £52k.

3.6 Initial calculations showed that the DSG was likely to be overspent by around £4m in 2016/17. Additional pressures on the budget compared to 2015/16 are summarised below:

	£'000
Special schools/units (inc 25 places at Beacon House)	1,508
Bulge classes	1,000
SEN matrix payments	414
SEN independent/outborough	401
Other SEN Services	362
Licenses	73
	<u>3,759</u>

- 3.7 A particular growth area is bulge classes, with expenditure projected to be around £2.5m in 2016/17, and the funding mechanism for which has been discussed at the past few Schools Forum meetings. Special Educational Needs has also seen significant growth due to the SEND reforms which extended Education, Care and Health plans to age 25, but has only resulted in an additional £562k in the 2016/17 DSG allocation.
- 3.8 It was previously agreed as part of the 2015/16 budget process that £1m per annum of previously unspent DSG would be used to support expenditure in 2015/16 and 2016/17. Further savings have been identified by Officers from the Central Spend areas to reduce the overspend as detailed below, with a further £1.25m from the DSG carry forward to balance the budget as shown in the table below:

		£'000
High Needs Block		
Early Intervention	Cr	185
Progression Courses	Cr	111
Pupil referrals	Cr	106
Other minor changes	Cr	70
	Cr	<u>472</u>
Early Years Block		
FEE - 2 year olds	Cr	638
FEE - 3&4 year olds	Cr	321
	Cr	<u>959</u>
Schools Block		
Access Initiative (Capital)	Cr	167
Pupil Support	Cr	87
Schools Forum	Cr	23
	Cr	<u>277</u>
DSG carry forward		
Growth previously agreed	Cr	1,000
Further drawdown required	Cr	1,250
	Cr	<u>2,250</u>
	Cr	<u><u>3,959</u></u>

- 3.9 Appendix 3 shows details of the unspent DSG from previous years and how this will be spent/allocated in 2016/17, most of which has already been agreed with the Schools Forum. This shows that the previous underspend will be almost fully spent and as such the LA will no longer have this as a resource to draw down on.
- 3.10 The LA is very concerned about this situation as it clearly demonstrates that the current budget is not sustainable and that savings will need to be identified in future years. Officers have already begun the task of identifying potential savings within the High Needs and Early Years Blocks, and within the central spend in the Schools Block. However, it is anticipated that some savings may also need to be found within the Schools Block, and the Schools Forum is asked to consider this as part of the Formula Review in preparation for the introduction of the National Funding Formula.

- 3.11 Further details of the National Funding Formula are due to be announced early in the New Year as part of a full consultation process. It is possible that as Bromley is still amongst the lower funded authorities, particularly compared to other London Authorities, may benefit financially from the new proposals. If this is the case, then there may need to be some consideration as to how any additional funding may be allocated across the three notional blocks.
- 3.12 Appendix 4 shows the DfE APT (Authority Proforma Tool) which details the individual elements for the funding formula – the only changes to 2015/16 is the reduction of £79 per pupil from AWPU for all pupils which relates to the one off allocation of DSG underspend that was agreed for one year only. Relevant approval has been sought and granted by the DfE for this amount to be excluded from the MFG calculation.
- 3.13 At the meeting of Schools Forum on 26th November 2015, Maintained Primary Representatives were asked to agree to changes to the de-delegation of Supply Staff Costs following a request from the Joint Teacher Liaison Committee (JTLC) to exclude facilities time related expenditure from de-delegation and for maintained primaries to make a contribution to a separate “pot” along with academies. Based on current expenditure this equates to around £3k of the £177k budget for 2015/16 and would result in a reduction of per-pupil de-delegation from £18.50 to £18.19, Due to a lack of Maintained Primary Representatives at that meeting, the decision was deferred, so those representatives are now asked to agree the changed de-delegation for 2016/17.
- 3.14 As in previous years, the Council’s 2016/17 Draft Budget report to be considered on 13th January 2016 requests that Executive agree to delegate the setting of the Schools Budget for 2016/17 to the Portfolio Holder for Education. Subject to the views of the Schools Forum and Education Budget Sub-Committee, and no changes to the allocation being proposed, the Portfolio Holder is requested to agree the proposed Schools Budget for 2016/17. If changes to the allocation are required then a decision will be sought at the Education PDS Committee meeting on 19th January 2016.

4. POLICY IMPLICATIONS

- 4.1. The Council’s key priorities are included within the Council’s “Building a Better Bromley” statement and include:
- An Excellent Council
 - A Quality Environment
 - Regeneration
 - Vibrant Thriving Town Centres
 - Supporting our Children and Young People
 - Supporting Independence
 - Safe Bromley
 - Healthy Bromley
- 4.2. “The “Building a Better Bromley” objective of being an Excellent Council refers to the Council’s intention to provide efficient services and to have a financial strategy that focuses on stewardship and sustainability. Delivering Value for Money is one of the Corporate Operating Principles supporting Building a Better Bromley.

5. FINANCIAL IMPLICATIONS

- 5.1 Financial considerations are contained within the overall report.

6. LEGAL IMPLICATIONS

- 6.1 Dedicated Schools Grant is provided by the Secretary of State under section 16 of the Education Act 2002, and can only be used to support the schools budget as defined in the Schools and Early Years Finance (England) Regulations 2015, which are due to come into effect for the 2016/17 financial year.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	Use of Unspent Dedicated Schools Grant, Education Budget Sub-Committee, 6 th Jan 2015 Dedicated Schools Grant 2015/16, Education PDS, 27 th Jan 2015 Outcome of Consultation - Bulge Class/Expansion Funding, Schools Forum, 26 th Nov 2015 Maintained Primary Schools De-delegation 2016-17, Schools Forum, 26 th Nov 2015 Draft 2016/17 Budget and Update on Council's Financial Strategy 2017/18 to 2019/20, Executive. 13 th Jan 2016