

**Decision Maker:** EDUCATION PORTFOLIO HOLDER

**Date:** For Pre-Decision scrutiny by the Education Budget Sub-Committee on Tuesday 31<sup>st</sup> January 2017

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

**Title:** 2017/18 DEDICATED SCHOOLS GRANT

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**Chief Officer:** Jane Bailey, Director of Education

**Ward:** Borough-wide

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1. Reason for report

1.1 This report provides information on the 2017/18 Dedicated Schools Grant and how it will be allocated.

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**2. RECOMMENDATIONS**

2.1 The Education Budget Sub-Committee is requested to:-

- i) Note the DSG allocation for 2017/18
- ii) Provide any comments for consideration to the Portfolio Holder for Education

2.2 Subject to the views of the Education Budget Sub-Committee the Portfolio Holder for Education is asked to approve the Dedicated Schools Grant allocation.

## Impact on Vulnerable Adults and Children

1. Summary of Impact:
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## 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: £259m
  5. Source of funding: Department for Education - DSG
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## Personnel

1. Number of staff (current and additional): Full details of staffing published in the 2017/18 Financial Control Budget
  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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## Procurement

1. Summary of Procurement Implications: n/a
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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 20<sup>th</sup> December the DfE released the Dedicated Schools Grant allocations for 2017/18. The DSG allocations were released alongside the second stage of the consultation on the National Funding Formula and the High Needs Funding Formula to be introduced for 2019/20 – the consultation closes on 22<sup>nd</sup> March 2017 and will be the subject of a separate Education Budget Sub-Committee report in March.

3.2 The final DSG allocation is in line with the expectations of LA officers – an overview of the total allocation is provided in the table below and can be seen in more detail at appendix 1.

<b>2017/18 Dedicated Schools Grant</b>			
<b>High Needs Block</b>	<b>Early Years Block</b>	<b>Schools Block</b>	<b>Total</b>
£46,005,328	£20,029,127	£200,009,610	£266,044,056
-£6,774,000 (HN deductions)			-£6,774,000
£39,231,328	£20,029,127	£200,009,610	£259,270,065

3.3 For 2017/18 the blocks are not ring-fenced and therefore an overspend in one block may be offset against an underspend in another block in order to ensure that the DSG is balanced overall.

3.4 The Early Years Block funding has been allocated based on the new Early Years Funding Formula (EYFF) which was consulted on earlier this year. As anticipated the allocation for Bromley has increased which has meant that not only has the LA not needed to find any savings in this area but also that most EY providers will see an increase in their funding next year. In November 2016 the Schools Forum was consulted about the proposed funding formula for 2017/18 – the outcome of the consultation supports the LA's recommendation to only have one element ( deprivation) in the new funding formula, but for this to be allocated using both IDACI and EY Pupil Premium entitlement as the measures of deprivation.

3.5 The funding allocations to be used in the Bromley EYFF are as follows:

- Basic Rate = £4.70 per hour
- Deprivation - IDACI = £0.30p per hour ( to be allocated to all pupils at eligible settings)
- Deprivation – EYPP = £1.47 per hour ( to be allocated only to those pupils eligible for EYPP)

This funding formula will be used for all settings across both the PVI sector and LA school nurseries.

3.6 As a result of this most settings will see an increase in funding with the exception of a very small number of settings that previously received additional funding through the SEN factor which is no longer an allowable factor; however it is anticipated that the impact of this will not be significant.

- 3.7 Funding for 2 year olds will remain at £6.00 per hour, however the funding received by the LA will increase from £5.28 to £5.66 which reduces the amount by which this is subsidised by 3 and 4 year old funding.
- 3.8 The outcome from the consultation also introduces a requirement for all LAs to establish an SEN Inclusion Fund – for Bromley it had already been proposed that the expenditure relating to the SEN Support in Pre-schools (SIPS) programme would move from the High Needs Block to the Early Years Block and that this will be deemed to fulfil this new requirement.
- 3.9 The LA will also receive additional new funding allocations for 2017/18 as follows:
- Disability Access Funding - £73,800 – to be allocated to pupils in receipt of the Disability Living Allowance
  - Additional 15 hours free childcare - £2.6m – comes into effect from September 2017.
- 3.10 The Early Years Block has been balanced to zero as expected so is neither subsidised by nor subsidising either the Schools Block or the High Needs Block.
- 3.11 The High Needs Block has received an allocation of £46m from which the DfE deducts funding recouped for an agreed number of places at special academies, AP academies and other post 16 institutions at a total of £6.774m which then brings the HN Block down to £39.2m.
- 3.12 It was anticipated that around £2m savings needed to be identified and achieved within the High Needs Block in 2017/18. The Schools Forum considered a number of proposed savings that were outlined in the report to the meeting on 15<sup>th</sup> November and then discussed in further detail with the Working Group which met on 12<sup>th</sup> December to review the proposals. There were a number of concerns from Officers and Schools Forum members that the full scale of the savings required would not be able to be achieved as many of the proposals would not take effect until September 2017 and therefore would only achieve 7/12ths of the required saving.
- 3.13 The following savings have been identified and included in the proposed budget allocation for 2017/18.
- 1.5% reduction on top up bands for special schools, AP provision and unit places from September £86k
  - 1.5% reduction on banded top up funding for statemented pupils in mainstream schools from September £25k
  - Savings to be identified within the Darrick Wood Hearing Impaired Unit/sensory support £50k
  - Additional funding target for primary and secondary schools to contribute towards the cost of non PEX (permanently excluded pupils) at the PRUs £100k
  - Savings to SEN transport costs charged to the DSG £100k
  - Savings to be identified within the Phoenix Pre School Service £392k
  - Total Savings = £753k

These savings are considerably short of the target that was originally identified and even after having received around £460k for population growth the High Needs Block remains overspent by £820k. It is clear that the DfE is aware that balancing the High Needs Block can be particularly challenging for LAs as they have announced a new grant entitled High Needs Strategic Planning Fund to be paid to LAs in January 2017. Bromley will receive a one off payment of £140k to be used to carry out a full strategic review of the high needs provision which had already been identified by the Director of Education as the first step towards balancing the High Needs Block. Full details of the grant can be found at the link below;

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/577552/High\\_needs\\_strategic\\_planning\\_fund2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577552/High_needs_strategic_planning_fund2.pdf)

- 3.14 Prior to the re-alignment of the funding blocks in 2016/17 the Schools Block was overspent by around £4m and the High Needs Block underspent by around £2.8m – following the re-alignment around £3.5m funding was reallocated from the High Needs Block to the Schools Block. As the three blocks within the DSG are not yet ring-fenced and as the EY Block has been balanced against the revised EY allocation, it is proposed that the overspend within the HN Block should be met by further savings within the Schools Block.
- 3.15 The need to find savings of around £1.5m had previously been identified and the Schools Forum had agreed that this should be done by reducing the lump sum and the low cost high incidence SEN factor for primary schools – this would then have the effect of not just achieving the required savings but also moving the primary:secondary ratio from 1:1.19 to 1:1.24 in preparation for the introduction of the NFF. The agreed rates are as follows:
- Primary lump sum reduced from £155k to £130k
  - Primary LCHI factor reduced from £1,858 to £1,450
- 3.16 The additional £1m to support the shortfall of funding in the High Needs Block has been taken from the AWPU value across primary and secondary schools so there is not further impact on the ratio. Adjusted AWPU values are as follows:
- Primary AWPU reduced from £2,938 to £2,930
  - Secondary KS3 AWPU reduced from £4,168 to £4,160
  - Secondary KS4 AWPU reduced from £4,559 to £4,550

Full details of the revised funding levels can be seen on the APT proforma at appendix 2.

Full details of the impact on each individual school including details of the MFG protection can be seen at appendix 3, however it should be noted that some year to year comparisons may be distorted due to changes in pupil numbers or demographics.

- 3.17 In previous years the primary maintained Schools Forum representatives have been asked to vote on de-delegation and funding has been de-delegated back to the LA for staffing costs relating to maternity, jury service and suspension and to free school meal assessments. Due to the reduced number of maintained schools and the expected conversion dates for next year it is no longer financially viable to manage this as a central budget and in view of this it is proposed that the funding will remain with maintained schools and that they should be responsible for managing these costs in the same way as academies.
- 3.18 In 2017/18 the DfE is changing the ESG ( Education Services Grant) which is paid to LAs. Currently this is split into two elements – General Funding rate based on the number of pupils in maintained schools and the Retained Duties element based on the number of pupil in

academies and maintained schools. In 2016/17 Bromley received a combined figure of £1.2m which was made up of £543k for the GF element and £742k for the RD element. In 2017/18 it is anticipated that the GF this will reduce to £181k for the period April to August at which point it ceases.

- 3.19 In view of this the DfE has introduced a new function allowing LAs to retain funding within the Schools Block to cover the cost of statutory duties for maintained schools previously funded through the General Fund element of the ESG. The proposal was that schools should be asked to agree to a notional sum of £30 to be retained for each pupil which would generate a total of £97k – details of this on a school by school basis can be seen at appendix 4.
- 3.20 This needed to be agreed by the relevant Schools Forum representatives. At the meeting, the representatives of the maintained schools voted against the payment.
- 3.21 In the light of this there are two options available. The first option is to take this to the Secretary of State for a final decision. The second is to adjust the funding made available in the overall funding pot.
- 3.22 It is recommended that the second route be taken as this is a relatively small amount in comparison to the overall funding, there may be a chance that the secretary of state upholds the decision and as there are so few schools that remain maintained and it is expected that they too will convert to academies, this is a short term position that is not worth pursuing further.

**4. Comments of the Schools Forum**

- 4.1 A report (ED17032) was presented to the Schools Forum for comments on the 12<sup>th</sup> January 2017.
- 4.2 As described above in paragraph 3.19 to 3.22 the appropriate forum members rejected the £30 per pupil tariff for maintained schools. This has now been removed from the original calculations and adjustments made to the DSG budget overall.
- 4.3 Forum members were unhappy at the level of funding reductions that have had to be made in order to balance the DSG budget. Forum members stated that it was regrettable that schools were being asked to find cuts and ask the Local Authority to find additional funding from alternative sources to offset this. This has not been considered by officers and it is assumed that expenditure should remain within the overall funding envelope.

**5. Conclusion**

- 5.1 Appendix one has the latest funding proposal for the Dedicated Schools Grant. Adjustments have been made to reflect the decisions made at the schools forum with regard to the changes to the ESG. No additional funding from outside of the DSG has been assumed. It is recommended that this budget be approved

<b>Non-Applicable Sections:</b>	Policy, impact on vulnerable adults and children, financial, personnel, legal and procurement
Background Documents: (Access via Contact Officer)	Held with Finance