

Report No.  
ED18039

## London Borough of Bromley

### PART 1 - PUBLIC

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Decision Maker: **EDUCATION, CHILDREN AND FAMILIES PORTFOLIO HOLDER**

Date: **For Pre Decision Scrutiny by Education, Children and Families Budget and Performance Monitoring Sub-Committee on 17<sup>th</sup> January 2018**

Decision Type: Non-Urgent Executive Non-Key

**TITLE: 2018/19 DEDICATED SCHOOLS GRANT**

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Chief Officer: Deputy Chief Executive & Director of Education, Care and Health Services

Ward: Borough wide

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#### 1. REASON FOR REPORT

- 1.1 This report provides information on the 2018/19 Dedicated Schools Grant and how it will be allocated.
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#### 2. RECOMMENDATIONS

- 2.1 The Education, Children and Families Budget and Performance Sub-Committee is requested to:-
- (i) Note the DSG allocation for 2018/19.
  - (ii) Provide any comments for consideration to the Portfolio Holder.
- 2.2 Subject to the views of the Education, Children and Families Budget and Performance Sub-Committee and those of the Schools Forum the Portfolio Holder is asked to approve the Dedicated Schools Grant allocation and the methodology of its distribution.

## Corporate Policy

Policy Status: Existing Policy

BBB Priority: Children and Young People, Excellent Council

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## Financial

1. Cost of proposal: N/A
  2. Ongoing Costs: Recurring costs
  3. Budget head/performance centre: Education Division cost centres
  4. Total budget for this head £267m
  5. Source of funding: Dedicated Schools Grant for 2018/19
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## Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2018/19 Financial Control Budget to be published in March 2018
  2. If from existing staff resources, number of staff hours – N/A
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## Legal

1. None
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## Customer Impact

Estimated number of users/beneficiaries (current and projected) – n/a

## Ward Councillors Views

1. Have ward councilors been asked for comments? N/A
2. Summary of Ward Councillor comments: N/A

### 3. COMMENTARY

3.1 The Department for Education has now confirmed the Dedicated Schools Grant (DSG) Allocation for 2018/19 as follows:

High Needs Block	Early Years Block	Schools Block	Central School Services Block	Total
£39,021,736	£21,149,813	£205,351,587	£1,964,910	£267,488,046

Full details of the allocation can be found at the following link and is also detailed in full at Appendix 1

<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2018-to-2019>

3.2 The Local Authority has looked at each of the four blocks individually to identify any financial pressures;

3.3 Early Years Block

<b>Income</b>	<b>£000s</b>	<b>£000s</b>
'3/4 Year Old Funding	(14,639)	
Additional 15 Hours Funding	(4,700)	
2 Year Old Funding	(1,649)	
EY Pupil Premium	(92)	
EY Disability Access Fund	(70)	
<b>Total</b>		<b>(21,150)</b>
<b>Expenditure</b>		
'3/4 Year Olds	13,748	
Additional 15 Hours Funding	4,530	
2 Year Old Funding	2,085	
EY Pupil Premium	92	
EY Disability Access Fund	70	
SEN Support in Pre Schools	450	
Central Costs	175	
<b>Total</b>		<b>21,150</b>
<b>Over/(Underspend)</b>		<b>0</b>

3.4 The Early Years (EY) Block is shown to be self-funding, although there are some areas which are deemed to be over spent but are being supported from underspends within the same block. Estimated expenditure also allows for any potential clawback as the EY Block is subject to adjustment should the number of pupils decrease during the year.

### 3.5 High Needs Block

<b>Income</b>	<b>£000s</b>	<b>£000s</b>
Baseline allocation	(42,834)	
Per Pupil funding	(3,599)	
Net Import/(export) adjustment	(201)	
High Needs Block Restated		(46,634)
High Needs Block Academy adjustment		7,612
<b>18/19 High Needs Block Total</b>		<b>(39,022)</b>
<b>Expenditure</b>		
Delegated budgets	15,719	
LA Centrally managed	25,303	<b>41,022</b>
<b>Over/(Underspend)</b>		<b>2,000</b>

- 3.6 As anticipated, the High Needs Block is projecting an overspend of £2m. At the last meeting of the Schools Forum in November, the Schools Forum considered the outcome of the recent consultation with schools regarding the LAs proposal to move £1m from the Schools Block to the High Needs Block to support the overspend. The Schools Forum did not support this proposal and the LA has submitted an application to the Secretary of State, in line with the DfE guidelines to formally request a disapplication of the regulations which would allow the £1m funding to be moved from the Schools Block to the High Needs Block without the support of the Forum. The LA is awaiting the final decision from the Secretary of State, although it is hoped that this will be received shortly.
- 3.7 If the disapplication is agreed, it is proposed that the remaining £1m overspend will be funded by a contribution of £1m from the Revenue Support Grant, subject to the final approval of Members. If the disapplication is not agreed then the funding will be used in the Schools Block and the shortfall in funding would have to come from the carried forward balance in the first instance.
- 3.8 The LA will continue to work with SEND4change to undertake a full review of current SEND spend and any savings that are identified will then be used to invest in the transitional period as we move towards effecting the proposed changes that have already been identified in the review as the LA moves towards a more cost effective and more sustainable High Needs Block position.
- 3.9 There is therefore still some uncertainty around the final figures for the Schools Block at this stage. Depending on the outcome of the decision from the Secretary of State there will be either £203.4m or £202.4m to be allocated to schools. The table below has been prepared based on the assumption that the approval will be granted.

#### Schools Block

<b>Income</b>	<b>£000s</b>	<b>£000s</b>
Primary Funding	(114,364)	
Secondary Funding	(86,644)	
Growth / Premises (Rates) Funding	(4,344)	

<b>Total</b>		<b>(205,352)</b>
<b>Expenditure</b>		
Delegated funding	202,444	
Growth funding	1,908	
<b>Total</b>		<b>204,352</b>
<b>Over/(Underspend)</b>		<b>(1,000)</b>

Nb – if approval is not granted by the Secretary of State then the delegated funding figure will increase to £203.444m

- 3.10 The LA has the option to either move to the National Funding Formula for 2018/19 (and also for 2019/20) prior to the planned introduction of the NFF in 2020/21, or to remain with the Bromley Funding Formula. The LA has consulted with schools regarding which formula should be used for 2018/19. The responses were as follows:

43 responses from Primary schools in favour of Option 5 (BFF)  
8 responses from Secondary schools in favour of Option 1 (NFF)  
1 response from a Special school

Full details of all the comments from schools can be seen at Appendices 2, 3 and 4.

- 3.11 The LA has modelled four options based on the options that were selected, using the final DSG calculations as follows;

Option 1a	NFF (based on Option 1)	Cap = +1.45%/ MFG = +0.3%	£202.443m
Option 1b	NFF ( based on Option 1)	No cap /MFG = +0.5%	£203.440m
Option 5a	BFF(based on Option 5)	No cap /MFG = +0.5%	£202.443m
Option 5b	BFF (based on Option 5)	No cap /MFG = +0.5%	£203.441m

Full details of each option showing the allocations on a school by school basis can be seen at Appendix 5. The option to be used will depend on the outcome of the decision by the Secretary of State which will impact the amount of funding available, and the views of the Schools Forum as to which funding formula should be used.

- 3.12 As the existing Bromley Funding Formula does not fully allocate the amount of funding available, the AWPUs levels have been increased as follows:

AWPU funding	2017/18 funding	Option 3	Option 4
Primary	£2,930	£2,990	£3,020
Key Stage 3	£4,160	£4,223	£4,270
Key Stage 4	£4,550	£4,625	£4,670

- 3.13 Central School Services Block

<b>Income</b>	<b>£000s</b>	<b>£000s</b>
Central School Services Funding		(1,965)

<b>Expenditure</b>		2,138
<b>Over/(Underspend)</b>		<b>173</b>

3.14 LA Officers have reviewed the expenditure and believe that there are no immediate savings that can be made in the short term and therefore it is proposed that the projected overspend in this Block will be met from commensurate underspend of DSG in 2017/18.

3.15 The Schools Forum is asked to consider the views of schools as provided by the consultation responses and to agree which option should be recommended to Members for final approval – if no decision has been communicated from the Secretary of State then two options may need to be proposed.

#### **4. SCHOOLS FORUM**

4.1 A report was presented to the Schools Forum on the 11<sup>th</sup> January 2018. Any comments will be fed back to the Committee verbally at the meeting on the 17<sup>th</sup> January 2018.

#### **5. CONCLUSION**

5.1 The report and Appendices hold detailed information on funding levels for each of the blocks. It should be noted that there are funding pressures manifesting themselves, particularly in the High Needs Block where the recommendation is that the 2018/19 expenditure be supplemented by a transfer of £1m of DSG from the Schools Block to the High Needs Block (through a disapplication request to DfE) and £1m from Council RSG funding.

5.2 The disapplication request is not guaranteed and as yet no indication has been given by DfE as to whether the disapplication has been approved. If it is not approved then the recommendation would be to draw the funding down from carry forward balances which are currently £1.6m. This would be a temporary solution only as the funding is not sufficient for future years

5.3 This will also have an impact on the level of funding going to Schools

5.4 Alternative funding sources/efficiencies/ new strategies will need to be developed to balance the High Needs Block in future years. Further disapplication requests to move funding from the schools Block to the High Needs Block are likely.

5.5 SEND4CHANGE are currently carrying out a review for Bromley on the High Needs Block. This should be available in the first quarter of 2018. It is envisaged that new ways of working and solutions to funding issues will be developed in the review.

5.6 Funding to Schools can be distributed using the National Funding Formula (NFF) or the Bromley Funding Formula (BFF). Both have advantages and disadvantages to schools who will be given different levels of funding depending on the methodology used. Schools have commented on the proposals and these are contained in Appendices 2, 3 and 4.

5.7 It should be noted that the NFF will be fully introduced in 2020/21 and Bromley will no longer have an option to use other methodologies to fund Schools.

<b>Background documents</b>	Held with Finance Section
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<b>Financial Considerations</b>	Covered within overall report
<b>Non Applicable sections</b>	Policy, impact on vulnerable adults and children, personnel, legal and procurement