

**Decision Maker:** **SCHOOLS' FORUM**

**Date:** **Thursday 8 November 2018**

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

**Title:** **2019/20 DEDICATED SCHOOLS GRANT**

**Contact Officer:** Amanda Russell, Head of Schools Finance Support  
Tel: 020 8313 4806    E-mail: Amanda.Russell@bromley.gov.uk

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

**Ward:** (All Wards);

---

1. Reason for report

This report provides an outline of the estimated DSG allocation for 2019/20 and an overview of how this will be spent,

---

2. **RECOMMENDATION(S)**

**i. The Schools Forum is asked to review the estimated DSG income and forecast expenditure, with particular focus on the High Needs Block**

**ii. The Schools Forum is asked to consider the LA proposal to request a dis-application of Schools Regulations to transfer £1m from the Schools Block to the High Needs Block in 2019/20 in line with DfE guidelines.**

### 3. COMMENTARY

3.1 The indicative Dedicated Schools Grant (DSG) funding for 2019/20 has now been provided to all LAs – this is currently based on October 2017 pupil numbers so will be uplifted in December to reflect the October 2018 census data. The DSG for 2019/20 is divided into four blocks – High Needs, Early Years, Schools and Schools Central. The expected income is detailed below

2019/20 Dedicated Schools Grant					
	High Needs Block	Early Years Block	Schools Block	Schools Central Block	Total
Gross Grant Funding	£47,671,311	£21,149,813	£206,823,914	£1,915,246	£277,560,284
Recoupment adjustment	-£8,319,000				
Net Grant Allocation	£39,352,311	£21,149,813	£206,823,914	£1,915,246	£277,241,284

3.2 The LA has looked at each of these blocks and has forecast the related expenditure for 2019/20 based on information that is currently available at this time. Full details of the projected grant income and expenditure can be seen at Appendix 1 with detailed information regarding each block provided below,

#### 3.3 Schools Central Block

Grant 2019/20	£1,915,246
Expenditure 2019/20	£2,189,359
Contribution from Council	£250,000
Expected (Over)/ Underspend	(£24,113)

The Schools Central Block is showing a small overspend of around £24k – however this is based on the assumption that there will be a contribution of £250k from Council reserves to offset the deficit and Officers will continue to work towards bringing this expenditure in line. However, should the council contribution not be agreed, Officer will have to identify significant savings in this area or look to use DSG reserves to offset this as in previous years.

#### 3.4 Early Years Block

Grant 2019/20	£2,149,813
Expenditure 2019/20	£2,149,813
Expected (Over)/ Underspend	£0

The Early Years Block is showing as being balanced however the income is based on Oct 2017 pupil numbers which are likely to change considerably in October 18 to reflect the impact of the additional 15 hours which was introduced last year. Officers are aware of the particular pressure on this block due to the fact that historically Bromley has funded two years olds at a higher rate than is received in the DSG. If there is any pressure on this block then this would likely be the first area to be considered rather than adjusting the 3 and 4 year olds funding formula.

### 3.5 Schools Block

Grant 2019/20	£206,823,914
Expenditure 2019/20	£205,825,196
Transfer to HN Block	£1,000,000
Expected (Over)/ Underspend	(£1,282)

There have been some changes to the Schools Block Funding this year. The DfE have move to a formulaic mechanism for allocating growth funding to LAs as opposed to the practice of using historic funding in previous years. The formula looks at the actual growth in pupil numbers in each LA, broken down into Middle Layer Super Output Areas (MSOAs) and only reflecting positive growth meaning that any negative growth ( ie reduction in pupil numbers) is not counted. Using this methodology means that the growth funding for Bromley has decreased from £2.85m to £1.84m, which is a loss of over £1m.

- 3.6 The growth funding that is paid directly to schools following the formula previously agreed with the Schools Forum has reduced to around £1.6m, which appears to be in line with the income. This would allow for £100k to be earmarked for the falling rolls fund that was recently discussed by the Schools Forum. As requested previously, Appendix 2 shows how the growth fund has been allocated to expanding schools and bulge classes over the last five years.
- 3.7 However, it should be noted that in previous years, the growth funding included the start up funding for the two secondary free schools in their first year of opening. Now that both free schools are open, the LA is required to include pupil number projections in the funding formula calculations for all free schools, despite the fact that there is no funding the Schools Block Grant for these pupils, due to the lagged funding mechanism. This is now putting significant pressure on the Schools Block as the funding for these schools is increasing by more than £2.7m this year as can be seen at Appendix 3.
- 3.8 The Schools Block currently shows a contribution to the High Needs Block of £1m to help to offset the anticipated over spend in that area. This has been achieved by setting the Minimum Funding Guarantee at -1.25% whereas last year it was set at a positive figure of 0.3%, and the capping factor has been set at 0%. The impact of this is that all primary schools ( with the exception of the free schools that are still growing) lose funding at various levels but no more than 1.25%. Secondary schools do not see any increase other than the inflationary factor which has been applied to the rates funding which sits outside of the MFG. This outcome is as anticipated following the move to the NFF in 2018/19. Appendix 3 shows the impact of this on a school by school basis.
- 3.9 It is important to emphasis as always that these calculations are based on 2017 pupil numbers and are provided for illustrative purposes only and therefore the final allocations for 2019/20

could differ significantly. Whilst the Schools Block is currently showing a small deficit of £1k this will be balanced to zero in the final allocations.

3.10 The DfE operational guidance states that local authorities retain the ability to transfer upto 0.5% of their Schools Block into another block, with the approval of the Schools Forum – the proposal to transfer £1m equates to 0.48%. To make such a transfer, LAs are required to consult with all maintained schools and academies, and it is recommended that the Schools Forum should take account of the views of schools before giving their approval. The LA will be releasing a consultation document to all schools outlining their proposal to apply the MFG at -1.25% and to set the capping at 0% in order for £1m to be transferred to the High Needs Block. The Schools Forum will then be asked to make a final decision as to whether or not they would support this proposal at the next meeting. In anticipation that this support may not be forthcoming, the LA will look to prepare a submission to the Secretary of State to request a disapplication of the regulations.

### 3.11 High Needs Block

Income 2019/20	£39,352,311
Expenditure 2019/20	£40,247,655
Transfer from Schools Block	£1,000,000
Contribution from Council	£1,000,000
Expected (Over)/ Underspend	-£895,344

There continues to be significant pressures on the High Needs Block. The estimated High Needs Funding has increased by £1m to reflect pupil growth in this area however the expenditure is expected to increase over and above this. Estimated expenditure is based on the pattern of new EHCPs ( Education, Health and Care Plans) seen over recent years and on the average cost of a placement. The LA’s own special schools and resourced provisions are, in the main, over-subscribed resulting in the continued reliance on independent settings.

3.12 The LA has identified a number of savings areas within the High Needs which are currently under review or already in place. These include;

- Potential savings of around £280k ( part year effect of £163k in first year ) by de-commissioning a number of places across three schools where the resourced provision has been carrying vacant places for a number of years.
- To establish a new SEN Advisory Service by bringing together existing teams that offer advice and support to provide support to mainstream schools.
- Improved speech and language therapy offer to hold more children in mainstream and special schools in borough.
- In partnership with Bromley CCG, Bromley has made a CAHMS Trailblazer application to establish 4 specialist teams to work with secondary schools and pupils in years 5 and 6.

- Following successful investment in a Primary (school) Outreach Service, planning is underway for a similar short term investment in a Secondary (school) Outreach Service, with a view to reducing permanent exclusion in the secondary sector.

3.13 The LA has also recently submitted an expression of interest to the DfE to open a new special school, and has been able to demonstrate that should this be successful it will result in considerable savings in the High Needs Block. However, even if the bid is successful the new school would not open until September 2020 and consequently it would be several years until the savings were realised. In the short term, the expenditure continues to rise at a significant rate and even with the expectation of contributions from the Schools Block and from Council funds there is a projected deficit of £895k

3.14 Due to the overall position for the DSG the LA felt it was important to share this information with the Schools Forum at the earliest opportunity. Schools Forum members are asked to review this information as a whole, but with particular focus on the Schools Block and the High Needs Block and the LAs request to move funding from the Schools Block to support the High Needs deficit.