

Decision Maker: **SCHOOLS' FORUM**

Date: **Thursday 10 January 2019**

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

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

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

Ward: (All Wards);

1. Reason for report

This report provides an outline of the final DSG allocation for 2019/20 and the budgeted expenditure across the four separate blocks

2. **RECOMMENDATION(S)**

- i. **The Schools Forum is asked to review the final DSG income and forecast expenditure.**
- ii. **The Schools Forum is asked to re-consider the LA proposal to transfer £1m from the Schools Block to the High Needs Block in 2019/20 in line with DfE guidelines.**
- iii. **The Schools Forum is asked to discuss and make a final decision on the proposal to introduce a falling rolls fund.**

3. COMMENTARY

- 3.1 The final Dedicated Schools Grant (DSG) funding for 2019/20 has now been provided to all LAs updated to reflect the October 2018 pupil numbers. The final allocation includes the additional funding for SEND announced by the Secretary of State which for Bromley was £788,032 for 2018/19 and 2019/20.
- 3.2 The DSG for 2019/20 is divided into four blocks – High Needs, Early Years, Schools and Schools Central. The expected grant income is detailed below

2019/20 Dedicated Schools Grant					
	High Needs Block	Early Years Block	Schools Block	Schools Central Block	Total
Gross Grant Funding	£48,820,619	£20,691,309	£208,637,223	£1,938,460	£280,087,611
Recoupment adjustment	-£7,813,333				-£7,813,333
Net Grant Allocation	£41,007,286	£20,691,309	£208,637,223	£1,938,460	£272,274,278

- 3.3 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. Appendices 1a and 1b show the projections with and without the movement between the blocks respectively.

3.4 Schools Central Block

Grant 2019/20	£1,938,460
Contribution from Council	£310,000
Expenditure 2019/20	£2,248,460
Expected (Over)/ Underspend	£0

The Schools Central Block is showing as being balanced, due to a contribution of £310k from Council reserves to offset the original deficit and Officers will continue to work towards bringing this expenditure in line.

3.5 Early Years Block

Grant 2019/20	£20,691,309
Expenditure 2019/20	£20,691,309
Expected (Over)/ Underspend	£0

The Early Years Block income has decreased slightly from the original projections due to a decrease in the number of pupils funded for the additional 15 hours. However the projected expenditure has been adjusted to reflect this and the block remains balanced. 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.

3.6 Schools Block

Grant 2019/20	£208,637,223
Expenditure 2019/20	£207,637,223
Transfer to HN Block	£1,000,000
Expected (Over)/ Underspend	0

There have been some changes to the Schools Block Funding this year. The DfE have moved 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 £1.93m, which is a loss of almost £1m.

- 3.7 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 £56k to be earmarked for the falling rolls fund that was recently discussed by the Schools Forum. At the meeting in September, the Schools Forum considered an outline proposal of the funding mechanism for a falling rolls fund but opted not to make a decision on this until the October 2018 census information was available.
- 3.8 Appendix 2 shows the reception pupil numbers from the October 2018 census data – based on this data and the principles that were outlined in the earlier Schools Forum report there are a small number of schools that may be eligible to receive falling rolls funding. Further clarification is required from the LA regarding the future pupil numbers in each of the schools and from the schools regarding their individual budget pressures. It is estimated that the total amount of funding required to be paid would be £55k in the first year. The Schools Forum is asked to make a final decision as to whether they wish the LA to proceed with this process.
- 3.9 At their last meeting, the Schools Forum was asked to consider the LAs proposal to move £1m from the Schools Block to the High Needs Block. The Schools Forum voted against this proposal. Following the meeting, the LA undertook a full consultation with all schools regarding

this proposal. Full details of the consultation responses can be seen at Appendix 3. The LA submitted an application to the Secretary of State at the end of the November to request permission to move the £1m without the permission of the Schools Forum and is still waiting for the outcome of this request. The Schools Forum are asked to formally agree or disagree to the disapplication request.

3.10 The LA has calculated two sets of funding – one with the £1m being transferred to the Schools Block and one without. The funding parameters have been set as follows:

	£1m to be transferred	£1m NOT to be transferred
MFG	- 1.22%	- 0.25%
Capping	n/a	n/a
Scaling	n/a	n/a

3.11 The MFG (Minimum Funding Guarantee) controls the amount by which the funding can change on a per pupil basis – for example if the MFG is set at -1.22% then the funding cannot reduce by more than 1.22% per pupil. This is used to support schools that would lose funding as a result of moving from the (original) Bromley funding formula to the National Funding Formula

The capping factor controls the amount of funding that a school can gain – schools with gains will keep all gains below the capping factor. For example a capping factor of 1.5% means schools will keep the first 1.5% of gains on a per pupil basis. If there is no cap then there is no limit to the amount of funding that a school can gain.

The scaling factor indicates by how much any gains above the capping factor will be scaled back. For example a scaling factor of 65% means that any gains over the cap are scaled back by 65%.

3.12 No capping or scaling factors have been used for the two proposed allocations as this allows the NFF to be fully implemented for those schools that gain. The MFG has been adjusted to keep the allocations within the funding available. As a result of this, as expected, the funding for secondary schools has increased whereas primary schools will see a decrease. This is because most primary schools are still receiving high amounts of minimum funding guarantee protection as they move towards the NFF. Currently the level of MFG protection across all primary schools is around £6m.

3.13 Full details of the impact of these parameters can be seen at Appendix 4. Appendix 5 shows the level of MFG protection still afforded across the primary sector.

3.14 High Needs Block

Income 2019/20	£41,007,286
Expenditure 2019/20	£43,073,286
Transfer from Schools Block	£1,000,000
Contribution from Council	£1,066,000
Expected (Over)/ Underspend	£ 0

The additional SEND funding that was announced by the Secretary of State in December has helped to alleviate the pressure on the High Needs Block and the additional £788k means that the Council has been able to reduce its contribution from £2m to around £1m. If the request to move £1m from the Schools Block is not agreed then the additional contribution would have to be found elsewhere, potentially from a further contribution from the Council or from DSG reserves.

- 3.15 The additional £788k for 2018/19 will be used to offset the expected overspend in the High Needs Block in the current financial year, with any remainder being added to the contingency.
- 3.16 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. As part of his December statement the Secretary of State announced that he has removed the cap on the number of special and alternative provision free school bids that will be approved next year and in view of this Bromley is hopeful that the bid submitted by the LA will be successful.