

Decision Maker: CHILDREN, EDUCATION AND FAMILIES POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 30th January 2020

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

Title: 2020/21 DEDICATED SCHOOLS GRANT

Contact Officer: David Bradshaw, Head of Finance, Children, Education and Families
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Chief Officer: Director of Finance

Ward: All

1. Reason for report

- 1.1. This report provides an outline of the final DSG allocation for 2020/21 and an overview of how this will be spent.
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2. RECOMMENDATIONS

2.1 The Children, Education and Families PDS Committee is requested to:

- i) Note the DSG Allocation for 2020/21;
- ii) Provide any comments for consideration to the Portfolio Holder.

- 2.2 Subject to the views of the Children, Education and Families PDS 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.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Children, Education and Families Portfolio budget setting supports the provision of services to vulnerable young people
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Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Children, Education and Families portfolio budgets
 4. Total current budget for this head: £287,513k (DSG 2020/21)
 5. Source of funding: Dedicated Schools Grant (DSG)
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Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2020/21 Financial Control Budget to be published in March 2020
 2. If from existing staff resources, number of staff hours: Not Applicable
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3.1. The final Dedicated Schools Grant (DSG) funding for 2020/21 has now been provided to all LAs to reflect the October 2019 census data.

3.2. The final DSG for 2020/21 is divided into four blocks – High Needs, Early Years, Schools and Schools Central. The expected income is detailed below

| 2020/21 Dedicated Schools Grant | | | | | |
|---------------------------------|------------------|-------------------|---------------|-----------------------|--------------|
| | High Needs Block | Early Years Block | Schools Block | Schools Central Block | Total |
| Gross Grant Funding | £53,540,004 | £22,530,224 | £218,400,750 | £1,919,714 | £296,390,692 |
| Recoupment adjustment | -£8,878,000 | | | | -£8,878,000 |
| Net Grant Allocation | £44,662,004 | £22,530,204 | £218,400,750 | £1,919,714 | £287,512,692 |

3.3. The LA has looked at each of these blocks and has forecast the related expenditure for 2020/21 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.

3.4. Appendix 2 shows the allocation from DfE

Schools Central Block

| | |
|------------------------------------|------------|
| Grant 2020/21 | £1,919,714 |
| Expenditure 2020/21 | 2,279,714 |
| Contribution from Council | 360,000 |
| Expected (Over)/ Underspend | (£0) |

3.5. The Schools Central Block is showing a £360k overspend, which is proposed will be met by a contribution of £360k from the Council to offset the deficit. Officers will continue to work towards bringing this expenditure in line.

Early Years Block

| | |
|------------------------------------|-------------|
| Grant 2020/21 | £22,530,224 |
| Expenditure 2020/21 | £22,530,224 |
| Expected (Over)/ Underspend | (0) |

- 3.6.** The Early Years Block income has been slightly decreased from the original projections due to a reduction in the number of children funded for the additional 15 hours. However the projected expenditure has been adjusted to reflect the decrease and the block remains balanced. Expenditure is calculated using the increased funding rates as previously agreed with the Schools Forum.
- 3.7.** The funding calculation also allows for £500k to be transferred from the Early Years block to the High Needs Block to support Early Years children with SEND.

Schools Block

| | |
|---|---------------------|
| Grant 2020/21 – Pupil Led | £214,787,218 |
| Premises related funding (rates) | £1,552,468 |
| Growth Funding | £2,061,063 |
| Expenditure 2020/21 | £218,400,750 |
| Expected (Over)/ Underspend | (0) |

- 3.8.** The Schools Block funding has been calculated using the October 2019 census pupil numbers and the per pupil units of funding which have been calculated for 2020/21. Based on the published figures the Primary unit of funding has increased from £4,200 to £4,282 which is an increase of around 1.95% and the Secondary unit of funding has increased from £5,183 to £5,408 which is an increase of around 4.34%.
- 3.9.** The funding that the LA is allocated for the schools block is calculated by running the National Funding Formula (NFF) for every school to give a total figure, which is then divided by the number of pupils in each sector to give a per pupil figure. Additional funding is added for premises (i.e. rates) and growth funding. The final growth funding has been calculated at just over £2m to include retrospective funding for the free school pupils.
- 3.10.** The main changes to the NFF for 2020/21 are as follows-
- The baseline for floor funding is the 2019/20 notional NFF allocations and the funding floor is calculated at 1.84% above the baseline.
 - Unit values have typically been increased by around 4%, with the exception of Free school meal funding which has only been increased in line with inflation
 - Minimum per pupil funding levels are now compulsory and have been set at £3,750 for primary schools and £5,000 for secondary schools (nb the primary level is set to increase to £4,000 in 2021/22)
 - The Minimum Funding Guarantee (MFG) level is required to be between 0.5% and 1.84%

- 3.11.** The funding formula has been run for all Bromley schools taking into account these changes.

- 3.12.** In previous years Bromley has not used the minimum funding levels as part of the formula calculation – now that this has become compulsory there are a number of schools that become eligible for protection as follows:
- a) 14 Primary schools to receive around £658k collectively
 - b) 2 Secondary schools to receive around £52k collectively
- 3.13.** In the primary sector the schools that now fall into this category are mainly the larger primary, infant and junior schools where the ‘per pupil’ funding will always be the lowest. In the secondary sector it is directed to the two schools which receive lower levels of additional funding through the additional factors such as deprivation and low prior attainment.
- 3.14.** The MFG protection across all schools is £4.82m.
- 3.15.** The MFG level that has been used by Bromley is 1.45% which sits part way between the government’s parameters. This is higher than was first estimated due mainly to the increase in the growth funding which was originally estimated at £1.5m. Growth funding expenditure has remained as estimated at £1.5m.
- 3.16.** The falling rolls fund which was introduced last year. Due to changes in pupil numbers this year the falling rolls funding has increased to over £170k – details of the schools that would be eligible for this funding can be seen at Appendix 3. The Schools Forum requested its introduction in 2019/20 and they were asked to consider whether this funding should continue or be withdrawn. A vote was taken and it was agreed to continue the funding for a further year.
- 3.17.** Bromley is not able to calculate the funding at or around the highest level of 1.84% due to the impact of the number of free schools and the issues around lagged funding, which continues to direct funding away from all other schools. One of the Secondary Free Schools has now increased its PAN from 180 to 240 which has exacerbated this issue further.
- 3.18.** The Council is very much aware of the concerns that schools have raised around this issue, and Bromley Chief Officers and Members have in turn escalated these concerns to the Government. However this issue has not yet been addressed and continues to be a significant problem for Bromley. One member of the Schools Forum has requested that some additional information be provided to the Forum, to show in detail the impact that this is having across all schools. Due to the late issuing of the funding details, this additional work will be carried out in the Spring Term and reported back at a later date.

High Needs Block

| | |
|--------------------------------|-------------|
| Grant 2020/21 | £53,540,004 |
| Recoupment | -£8,878,000 |
| LA Expenditure 2020/21 | £43,562,004 |
| Expected (Over)/ Underspend | £1,100,000 |

- 3.19.** On the 30th August 2019 the Government allocated £700 million extra nationally for children with Special Educational Needs and Disabilities (SEND) in 2020 to 2021, with the intention that every pupil can access the education that is right for them, and none are held back from reaching their potential. This was an additional £4.3m for Bromley. This means that the £1.9m

of Council funds which is currently supporting High Needs expenditure will not be required in 2020/21.

- 3.20.** Whilst the funding is welcomed it is predicted that levels of growth will outstrip the current funding levels over the next four years. Moreover funding for the High Needs Block has not been confirmed beyond 2020/21 and therefore it has been assumed that Bromley will continue to receive £4.3m in subsequent years, with no additional increase in funding. It is proposed to carry forward £1.1m of this additional funding into 2021/22 in order to smooth the deficit over the next four financial years and to avoid spikes in funding deficits as far as possible.
- 3.21.** To mitigate against the predicted growth, mitigations have also been assumed as part of the Medium Term Financial Strategy. These are predicated on slowing the rate of increase in EHCPs and to incrementally placing more children in local schools. This carries significant risks because provision for children is determined by their presenting needs according to the legal tests set out within the SEND Code of Practice. With sustained exponential increases in demand for EHCPs and increasing numbers of cases being overturned by SEND Tribunals, this will remain a challenge across the MTFs period.
- 3.22.** As there remains a risk across the four year period in terms of levels of demand, the levels of achievable mitigations and the levels of funding; it is proposed that the Council set aside £500k per annum for the next four years in an Education Risk Reserve. This will be called upon if there are any gaps in the funding that cannot be met from elsewhere within the Council budgets. Any proposed use of this funding would need Executive approval.
- 3.23.** There continue to be significant pressures on the High Needs Block. The 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 demand for placements of children and young people with SEN continues to increase. Increased numbers of children and young people have been placed at mainstream schools, special schools and resourced provisions. Nevertheless the sustained increase in demand results in the continued reliance on independent settings, which are generally more expensive than in borough placements.
- 3.24.** As previously discussed with the Schools Forum, the Director of Education and the Head of Finance, the top up funding levels for special schools, AP provision, Additional Resourced Provisions and children with EHC plans in mainstream schools has been increased by 1% from April 2020.

4. SCHOOLS FORUM COMMENTS

- 4.1** The Schools Forum met on the 16th January 2020. They agreed to continue to fund falling rolls for a further year. There was also some debate regarding the proposed 1% increase to levels of top up funding for special schools, AP provision, Additional Resourced Provisions and children with EHC plans in mainstream schools.
- 4.2** A Forum member noted that previously the funding had been cut by 1.5% and, bearing in mind that mainstream provisions were receiving a 4% increase, it seemed unfair that the top up funding was increasing by only 1%. In response Officers explained that the Council were having to work within tighter funding envelopes, with future funding levels uncertain and a result of this was that certain difficult decisions had to be made. It was also noted that the resolution of the Schools' Forum at its last meeting had been to propose a 0.84% increase therefore the 1% now proposed represented a further increase.
- 4.3** Once there was a level of certainty in terms of High Needs funding the position could change and a multi-year settlement could be taken forward. However, for the time being prudence was advised.

- 4.4 A Forum member proposed an increase of 1.5% rather than 1% and this was put to the vote and was passed. The Schools Forum do not have an authority to increase rates as this is the authority of the Portfolio Holder, but it was requested that this be put forward to the Committee for consideration.
- 4.5 The cost of the additional 0.5% increase to 1.5% is estimated to cost £78k per annum. If this is introduced this will have the impact of reducing the £1.1m being carried forward by £78k and impact on the balance currently estimated to offset future growth pressures.

5. POLICY IMPLICATIONS

- 5.1 The DSG 2020/21 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium term financial plan. The Council continues to deliver key services and lives within its means.

6. FINANCIAL IMPLICATIONS

- 6.1 Financial implications are contained within the overall body of the report.

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| Non-Applicable Sections: | Procurement, Personnel Implications, Legal |
| Background Documents: (Access via Contact Officer) | Held within the Finance Section |