



# Brent

## SCHOOLS FORUM

4 October 2017

### Report from the Strategic Director of Children and Young People

For Decision

Wards Affected: ALL

## Dedicated Schools Grant Schools Budget 2018/19

### 1.0 SUMMARY

- 1.1 This report provides information on the recent announcements on the Dedicated Schools Grant (DSG) funding arrangements and budget setting process for 2018/19.
- 1.2 It also seeks to promote discussion on budget setting proposals for 2018/19.

### 2.0 RECOMMENDATIONS

- 2.1 That this report is noted.
- 2.2 That the Council continue to plan the 2018/19 DSG Schools budget in line with the outlined indicative block allocations.
- 2.3 Agree to continue the current de-delegation and ESG support services funding into 2018/19.
- 2.4 That the High Needs Task and Finish Group and Early Years Task and Finish Group are tasked to set the High Needs Block and Early Years Block budgets within the limits indicated in this report.
- 2.5 That forum note the options available for setting future budgets and agree to convene a sub-group to make recommendations on the DSG budget to the Council.

### 3.0 Department for Education funding announcements

- 3.1 On the 14 September the Department for Education (DfE) formally responded to the schools funding consultation conducted in the spring of 2017. This followed earlier funding announcements made in the summer concerning the 2018/19 and 2019/20 financial years.
- 3.2 The Secretary of State for Education, Justine Greening, also made a speech on school funding on 17 July 2017. The speech announced £1.3 billion of additional funding to the core schools budget. More details were released in

September when it was announced that subject to some modifications, the plans for a National Funding Formula would proceed. The main points pertinent to Brent are:

- 3.2.1 **Minimum per pupil funding of £4,800 per secondary pupil.** Secondary Schools in Brent are funded in excess of £6,000 per pupil so this will have no direct impact to them.
  - 3.2.2 **Up to 3% gains for underfunded schools.** Those Brent Secondary Schools with the most deprived pupil cohorts will attract up to 3% per pupil increases on the national funding formula. This is £0.4M and can be redistributed locally in 2018/19 and 2019/20.
  - 3.2.3 **0.5% per pupil cash increase.** This is the most significant announcement for Brent, and should mean an additional £1.1Million or £27 per pupil. The average gain for a Primary would be £9.5K and £30K for a Secondary School. Under the original funding proposals Primary schools stood to lose £30K on average.
  - 3.2.4 **Protected funding for High Needs.** The High Needs Block will be funded by a formula. This allocates £6M less than the current funding arrangements, but funding will be protected and increased by 0.5% per head of population. This results in increased funding of £1M.
  - 3.2.5 **Introduction of a National Funding Formula.** The Local Authority and Schools Forum will continue to have decision making powers over distribution of funding locally for 2018/19 and 2019/20.
  - 3.2.6 **Doubling of PE and Sports Grant.** This should mean another £500K in total to Primary and Special schools, about £9K each.
  - 3.2.7 **There are to be savings and efficiencies.** The extent to which cuts to capital funding and the expectation for LA's to deliver Free Schools will impact on Brent's schools capital programme remains to be seen. School Improvement Grants will also be cut (c. £90K to Brent in 17/18).
- 3.3 Following the summer ministerial announcement on school funding, the DfE released more detailed operational guidance on school funding for the 2018/19 financial year. The key points relevant to Brent are:
- 3.3.1 Local Authorities will set the DSG Schools Budget for 2018/19 and 2019/20. In doing so they must consult with forum and if changing the local funding formula they must consult with all schools. There will be a notional national funding formula figure published for each school as well.
  - 3.3.2 Final funding allocations will be announced in December, which means the forum in early December will be making recommendations on provisional data.
  - 3.3.3 There will be a new Central Schools Funding Block, though this does not mean additional resources. This is to be added to the Schools Block, Early Years, and High Needs Block to form the total DSG.
  - 3.3.4 Minimum Funding Guarantee on local funding formulas is to be set at between 0% and 1.5%. So no school will lose funding on a per pupil basis in 2018/19.

- 3.3.5 There are some flexibilities in moving funding between blocks, and forum must be consulted on use of brought forward balances.
  - 3.3.6 If the existing local funding formula is used, but the rates within that increase, then it is concluded that only Schools Forum need to be consulted rather than all schools. Changes to the mix of funding factors would require a larger consultation.
  - 3.3.7 The local funding formula must gain political approval and be submitted by 19 January 2018.
  - 3.3.8 There are some opportunities to increase and invest in services funded by the Central Schools Block – the Admissions budget can be increased for the first time in a number of years, and contributions can again be de-delegated from maintained schools for statutory duties formerly funded by ESG (£360K in 2017/18).
- 3.4 The guidance has also provided more clarity on the responsibilities of setting the DSG budget, and these are summarized in Appendix A. In general, the responsibility for setting the budget lies with the Local Authority, although there are some budget lines which must gain School Forum's approval.
- 3.5 The DSG must be deployed in support of the Schools Budget as defined by the schools financing regulations. This expenditure must be budgeted as reported on the DSG section of the S251 return, so in effect this return provides the eligible expenditure categories. A blank copy of this section of the S251 return is provided for forum members' information as Appendix B.
- 3.6 It is recommended that for 2018/19 forum continues to agree to de-delegate funds for Free School Meal checking, schools contingency, and for trade union cover. In view of the continuing financial constraints that the Council is operating under it is also recommended that as in 2017/18, maintained members of the forum continue to fund education support services formerly funded by the Education Support Grant.

#### **4.0 2018/19 DSG BUDGET**

- 4.1 Despite the summer announcements there remains considerable uncertainty on the DSG funding position for 2018/19 and 2019/20. Exact funding allocations are not yet known, pupil growth patterns are changing, and although cost pressures clearly exist, their extent depends upon any pay award agreed by the government and the general rate of inflation over the next year.
- 4.2 Final funding allocations will not be known until December 2017, however the 2017/18 baseline budgets and the funding announcements provide enough information to plan indicative allocations for each block. Indicative expenditure demands are set out by block. At this stage in the process this is necessarily high level, Appendix C is a summary of the blocks.
- 4.3 There is a separate report on growth funding and strategy. Growth budgets are included within the schools block in this report at the 2017/18 level, although it is acknowledged this may change depending on forum recommendations and council decisions.

## 5.0 The Schools Block

5.1 Table 1 below uses the 2017/18 funding formula allocations as a baseline to estimate some of the budget pressures that will be felt by schools going into 2018/19. It also includes estimated figures for the Schools Block income in 2018/19.

5.2 **Table 1-** Schools Block 2018/19

	£'Million
<b>Expenditure Estimates</b>	
2017/18 Local Funding Formula	228.4
Pay inflation estimated at 1% applied to 80% of 2017/18 funding allocations	1.8
Apprenticeship Levy estimated at 0.5% of 50% of 2017/18 funding allocations	0.6
General inflation estimated at 3% of 20% of 2017/18 funding allocations	1.4
Growth of 500 additional pupils – estimated increase to 2017/18 funding allocations	2.6
Required adjustment between Schools Block and High Needs Block for places in mainstream settings	0.5
<b>Total</b>	<b>235.3</b>
<b>Income Estimates</b>	
2017/18 School Block funding (baseline)	228.9
Growth of 500 additional pupils – estimated increase to 2017/18 funding allocations	2.8
0.5% per pupil funding increase	1.5
<b>Total</b>	<b>233.2</b>
<b>Funding Gap</b>	<b>2.1</b>

5.3 Table 1 aims to provide a useful indication of the funding gap or pressure that mainstream schools will experience in 2018/19. The pressures listed are broad estimates based on assumptions that 80% of a school's funding typically goes towards staffing including on-costs, 50% on pay itself, and 20% on general expenditure. It is clear that the 0.5% funding increase per pupil will not be sufficient to deal with these pressures.

5.4 The funding gap could be met in a number of ways; for example increasing funding allocations by either reducing the growth fund or using reserves to some extent, or by schools containing these pressures and making savings within their own budgets.

## 6.0 The High Needs Block

6.1 The High Needs Block underspent in 2017/18, but there have been considerable increases in demand for provision.

6.2 Most children and young people with SEND can have their needs met in a mainstream setting but the demand for specialist places is increasing. In 2017 (Jan SEN2 return) 48% of children and young people with EHC plans

attended a mainstream provision and 52% of children and young people with EHC plans attend a specialist provision.

- 6.3 The table below shows the increase in children and young people with Statements of SEN/EHC Plans and the type of school they attend over the last 3 years from 2015-17. The data excludes the number of young people attending further education.

6.4 **Table 2 – EHCP and Statemented Numbers**

2015			2016			2017		
Total No CYP with Statements /EHC Plan	Mainstream	Special	Total No CYP with Statements /EHC Plan	Mainstream	Special	Total No CYP with Statements /EHC Plan	Mainstream	Special
1653	819	834	1772	871	901	1824	873	951
	50%	50%		49%	51%		48%	52%

- 6.5 The numbers of pupils with statements of SEN or Education, Health and Care plans has increased from 1,650 in 2013 to 1,824 in 2017 which is a 9.5% growth in the last 5 years and was predicted to increase to 1,975 by 2020. However as of August 2017 there are already 1,834 statements/EHCPs. Brent has a higher percentage of statements/EHCPs than nationally.

6.6 **Table 3 – Number of Statements/EHCPs, 2013 to 2017**

Year (SEN 2 return	No of statements/EHCPs
Jan 2013	1650
Jan 2014	1620
Jan 2015	1655
Jan 2016	1805
Jan 2017	1824

- 6.7 In order to cope with the rising demand, there are planned expansions to in borough provision with new ARPS and a new special school established by Brent Specialist Academy Trust called The Avenue, is to open from Sept 2018/19 accommodating 100 pupils. With place funding at £10,000 per place it is estimated that the full impact of these expansions will total £1.4 million of place funding. Top up funding, including some estimated uplifts to top up funding rates, would double this to a £2.8 million pressure on the High Needs Block.

- 6.8 The increase in in-borough provision should also enable the Inclusion service to reduce the number of external placements and so lower cost elsewhere in the High Needs Block. It is also noted that the High Needs Block underspent on residential and independent settings by £0.65 million in 2016/17, and that there will be a 0.5% increase in funding for 2018/19. It is recommended that the High Needs Task and Finish Group continue to meet and seeks to set a balanced High Needs Block budget from within these resources.

## 6.9 Table 4 – High Needs Block

	£ Million
<b>High Needs Block 2017/18</b>	<b>54.1</b>
Required adjustment between Schools Block and High Needs Block for places in mainstream settings	(0.5)
Increase in Place funding	1.4
Increase in Top up funding	1.4
Savings from existing underspends and fewer external placements	(1.7)
<b>Total Indicative Expenditure Budget for 2018/19</b>	<b>54.7</b>
2017/18 High Needs Block Baseline	54.2
Required adjustment between Schools Block and High Needs Block for places in mainstream settings	(0.5)
0.5% Growth	1
<b>Total Indicative Income Budget for 2018/19</b>	<b>54.7</b>

## 7.0 The Central Block

- 7.1 From 2018/19 central expenditure will be funded from a separate block of funding. This has been baselined at the planned expenditure levels for 2017/18 which totals £2.3 million. It is not proposed to make any significant changes to the central block. Many of the expenditure lines, such as the termination of employment costs, cannot be increased and are for historic commitments only. However the Admissions service budget has been frozen since 2013/14, and an increase in line with pay rises of 1% has been modelled below in table 5. The minimal increase is viewed by officers as affordable within the context of the whole DSG.

## 7.2 Table 5 - Central Block

Expenditure Line	2017/18 Budget £'000	2018/19 Proposed budget £'000
Combined Budgets – School Effectiveness, Gordon Brown Centre, Wembley Learning Centre	804	804
Licenses/Subscriptions	195	195
School Admissions	692	699
School Forums	34	34
Termination of employment costs	604	604
	<b>2,329</b>	<b>2,336</b>

## **8.0 The Early Years Block**

- 8.1 There have not been any announcements from the DfE on increasing the funding rates for the Early Years Single Funding Formula (EYSFF).
- 8.2 The budgets for 2017/18 have been set to balance income with the current provision funding rates in the EYSFF, whilst allowing for 7% of income (£1.3million) to fund central early years services. The amount allowable for these central services is reducing to 5% in 2018/19. The Secretary of State's dispensation to fund 30 hour provision for non-working parents that qualify for Free School Meals only applied for one year. In practice this arrangement will stop at the end of the summer term 2018, and these budgets can then be reallocated.
- 8.3 There are two other points to note in the Early Years Block. Firstly that 2 year old providers in Brent are funded at £6 per hour, whilst DfE funding is only £5.92 per hour, which for 2017/18 meant that a £49k use of DSG reserves was agreed. Secondly that Nursery School funding includes a total of £0.84 million of supplementary funding from the DfE. It is assumed at this stage that this will continue into 2018/19.
- 8.4 There will therefore be decisions for 2018/19 concerning the Early Years Block. Forum should consider re-establishing the Early Years Task and Finish Group to recommend necessary changes to the budgets within the funding envelope of the early years block plus the 2 year old funding shortfall to be met from reserves.

## **9.0 DSG Reserves**

- 9.1 A separate report is being presented to forum on the 2017/18 financial forecast, but it is likely that there will be underspends and that DSG reserve balances will be added to in advance of the 2018/19 financial year. It is therefore forecast that reserve balances will exceed £6 million.
- 9.2 Forum are invited to comment on potential uses of these reserves, which must be spent as per the School Financing Regulations which govern the use of the DSG.
- 9.3 Options include, but are not limited to;
  - 9.3.1 Maintaining some or all of balances in reserve against future uncertainty.
  - 9.3.2 Increasing funding formula allocations to mainstream schools or early year's providers.
  - 9.3.3 Increasing the existing High Needs block budgets.
  - 9.3.4 Where the funding regulations allow, investing in initiatives within the High Needs Block, e.g. Support for Inclusion.
  - 9.3.5 Where the funding regulations allow, increasing funding formula allocations in order for maintained schools to de-delegate funds for new initiatives, e.g. central support for schools.

9.4 It is recommended that a sub-group of forum members meet in October to agree budget proposals for recommendation to the Council. .

## **10.0 Financial Implications**

10.1 The financial implications are included throughout this report.

## **11.0 APPENDICES**

11.1 **Appendix A – Table of DSG Budget Setting Responsibilities**

11.2 **Appendix B – S251 Return, DSG section (blank copy)**

11.3 **Appendix C – Summary of indicative DSG Blocks 2018/19**

## **CONTACT OFFICERS**

Andrew Ward  
Head of Finance – CYP  
0208 937 6462