



Schools Forum
17 January 2018

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

**Dedicated Schools Grant Schools Budget and Mainstream
Funding Formula 2018/19**

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
No. of Appendices:	Three: <ul style="list-style-type: none"> • Narrative Explanation of the Secondary Low Prior Attainment Factor • Funding Formula Rates • 2018/19 Funding Formula Allocations by School
Background Papers:	None.
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1.0 Purpose of the Report

- 1.1 This report details the mainstream funding formula for 2018/19 which has been calculated in line with previous Schools Forum recommendations and is presented for confirmation.
- 1.2 The report also sets out the confirmed block funding and use of Dedicated Schools Grant (DSG) reserves which form the total DSG Schools Budget for 2018/19.

2.0 Recommendations

- 2.1 It is recommended that the Schools Forum recommends the mainstream funding formula as outlined in the report for adoption by the Council for 2018/19.
- 2.2 It is recommended that the Schools Forum recommends the DSG Schools Budget as set out in this report for adoption by the Council in 2018/19.

3.0 DSG Funding Allocations

- 3.1 The DSG has been announced at a total of £311.8M across all four blocks for 2018/19. This is an increase of £3.7m compared to the £308.1m allocated in 2017/18. The breakdown of this £3.7m is; an additional £1.7m for the schools block for the announced 0.5% per pupil funding increase, £1.2m for the High Needs Block due to funding protections now being calculated and applied across Brent's 0-18 year old population, and £0.8m for the Early Years Block due to the 30 hours entitlement offer, introduced in September 2017, being in place for the full financial year.
- 3.2 The school block increase by the Department for Education (DfE) of 0.5% per pupil was reviewed by the Schools Forum and found to be insufficient for mainstream schools facing staffing and other inflationary cost pressures, meaning that the cash increase was a real terms funding cut. It was estimated in the autumn of 2017 that mainstream schools would require at least a further £2m in overall funding to keep pace with these cost pressures in 2018/19. The DfE forecast there will be a further £1.1m of additional funding in 2019/20, but again this is unlikely to keep pace with inflation.

4.0 Data and Pupil Changes in the October 2017 Census

- 4.1 The mainstream funding formula is calculated following the release of the October census pupil numbers and pupil data. In December, members of the Forum were presented with a model of the 2018/19 funding formula which was calculated from the October 2016 census data. This report, therefore, picks out the significant changes.
- 4.2 Total pupil numbers in mainstream schools in October 2017 were 41,902 which is a fall of 14 pupils compared to the previous year. It was expected that Secondary phase pupil numbers would increase and these have risen by 217. Primary numbers have fallen by 231, with the reduction concentrated in Reception and Year 1.
- 4.3 It is also noted that the number of pupils that qualify for the English as an Additional Language (EAL) measure has fallen from 4,983 to 4,512, which is a decrease of nearly 10%. For information, the data set used in Brent is 'EAL1', which is linked to individual pupil reference numbers, and counts those with English as an additional language for 1 year from the point that this is recorded, usually when they first enter the education system.
- 4.4 There were no other significant year on year changes to the pupil data. The proportion of pupils who attracted funding via the secondary low attainment factor remained at 23%, as in October 2016. The details of this factor have previously been queried at schools forum and an explanatory note is included as an appendix to this report (**Appendix 1**). The Income Deprivation Affecting Children Index (IDACI) methodology has not changed and so there are not the same funding fluctuations that have been experienced in Brent in previous years.

5.0 Use of Reserves

- 5.1 In October and December 2017 the Schools Forum considered the DSG reserves which currently stand at £6M. The Schools Forum recommended that

£2.5M of these reserves be used in the mainstream schools funding formula to protect schools from inflationary pressures. The Forum also recommended that reserves would again be utilised to sustain the resulting funding formula in 2019/20.

- 5.2 It was also recommended to the Cabinet that of the remaining DSG reserves £1m be earmarked to contain pressures or invest in the High Needs block, and another £1m earmarked as a contingency against pressures in Early Years provision. The DSG is forecast to underspend in 2017/18 so the remaining DSG reserves will remain at a sufficient level of at least £4.5m.

6.0 Funding Rates

- 6.1 Schools Forum did not recommend any fundamental changes to the local funding formula for mainstream schools, so the additional £1.7m from the DfE and £2.5m of reserves is being allocated proportionately across the current mix of pupil funding factors, with individual school funding allocations consequently a function of pupil numbers, the levels of deprivation, and other measures of additional pupil need.
- 6.2 There has also been a movement between blocks of £0.5million from High Needs to the schools block which reflects a change in the funding route for High Needs places in mainstream settings. Formerly the number of pupils in the funding formula would be reduced to reflect the number of high needs places at a school. This is not the case for 2018/19, so the full number on roll is used for calculating the funding formula.
- 6.3 **Appendix 2** details the final funding factors and proportions of funding compared to the 2017/18 funding formula. The funding increases result in most schools per pupil and total funding allocations increasing. **Appendix 3** provides the individual school allocations again compared to the 2017/18 funding formula.

7.0 Pupil Growth

- 7.1 In 2017/18 Pupil growth budgets are made up of £1.1m for Rising Rolls which is measured on census data and allocated at the end of the Summer and Autumn term, and a budget for funding planned growth of £2.5 million. This was reduced from a £3.5 million budget in 2016/17.
- 7.2 In 2018/19 it has been determined with the Pupil Growth sub group and the Schools Forum that the planned growth budget will be reduced again to £2million, with the balance of £0.5 million to be held in contingency. The sub-group is due to report back on changes to the precise funding methodology but has agreed to continue with current arrangements for funding localised primary growth, and growth budgets of £3.1m will be retained to assist with secondary phase growth and localised primary phase pressures and commitments.

8.0 De-delegations

8.1 It was agreed at the October 2017 Schools Forum that maintained schools would continue with the current de-delegation rates which support the Schools in Financial Difficulty, FSM checking service, Licenses, Trade union and Maternity cover scheme budgets.

8.2 Disaggregating the Trade union and maternity cover budgets has resulted in better forecasting and analysis with the result that the only change proposed to the de-delegation rates is a reduction in the per pupil amount to cover Trade union duties. This has reduced from £3.84 to £2.75 per pupil. The de-delegation rates per pupil are:

- Schools in Financial Difficulty £8.29
- FSM Eligibility £1.15
- Licenses and Subscriptions £0.25
- Maternity Cover Scheme £7.99
- Trade Union Facility Time £2.75

9.0 DSG Funding Blocks

9.1 For 2018/19 the published DSG funding blocks total £311.8 million as set out in the table below. The Early Years block is a provisional figure, with the final allocation a function of the Early Years census in January 2018 and 2019. Table 1 below set outs the block funding, showing that for 2018/19 there is no cross subsidisation. The Schools Forum is asked to recommend the block level allocations to the council.

Table 1 – DSG Block Funding 2018/19

	Schools Block	High Needs Block	Early Years Block	Central School Support Block	Total
	£M	£M	£M	£M	£M
Available Resources					
2018/19 DSG Funding Allocations	230.6	54.8	24	2.3	311.8
Use of Reserves	2.5				2.5
Total	233.1	54.8	24	2.3	314.3
Expenditure					
Mainstream Funding Formula	229.5				229.5
Growth Budgets	3.6				3.6
High Needs Exp.		54.8			54.8
Early Years Exp.			24		24
Combined Budgets				0.8	0.8
Central Schools Support				1.5	1.5
Total	233.1	54.8	24	2.3	314.3

10.0 High Needs Block

10.1 The High Needs block is under pressure from increased demand but the funding increase of £1.2 million will meet this and allow for a 2% top up funding rate to enable special provisions to keep up with inflationary pressures. The Schools Forum is recommending that the High Needs block is balanced within the annual funding of £54.8m, and will consider the use of the £1m earmarked reserves for appropriate investments.

11.0 Early Years Block

11.1 The Early Years block funding rate has reduced as expected to £5.37, but as this was planned for when the Brent Early Years Single Funding Formula was rebalanced the current funding rates for providers will not be cut. Funding for centrally funded services will, however, be reduced as the pass through requirement means that 95% of early years block funding must be allocated out to providers, rather than 93% in 2017/18.

12.0 Financial Implications

12.1 The financial implications are included throughout the report.

13.0 Legal Implications

13.1 There are no legal implications

14.0 Equality Implications

14.1 Not applicable.

15.0 Consultation with Ward Members and Stakeholders

15.1 Not applicable.

Report sign off:

Gail Tolley

Strategic Director of Children and Young People