

	Schools Forum 12 December 2018
	Report from the Strategic Director of Children and Young People
Dedicated Schools Grant Support for Central Education Services 2019/20	

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:	Two: <ul style="list-style-type: none"> • 2018/19 Central Support Budgets across London • Central Services – Extract from 'Schools revenue funding 2019 to 2020 Operational guide'
Background Papers:	
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Andrew Ward, Head of Finance Email: andrew.ward@brent.gov.uk Tel: 0208 937 6462

1.0 Purpose of the Report

- 1.1. The purpose of this report is to provide information and explain the rationale behind the Council savings proposal to contribute Dedicated Schools Grant (DSG) funding towards supporting central services for schools.

2.0 Recommendation(s)

- 2.1. Schools Forum is requested to approve the use of £250,000 of Schools Block DSG funding to support central services in 2019/20.

3.0 Summary

- 3.1. The 'School and Early Years Finance (England) Regulations' were amended in 2017/18 to allow local authorities, with School Forum approval, to use the School Block of the DSG to support the cost of central services. This change coincided with the withdrawal of the Education Services Grant and reallocation of some of this grant to the DSG. Most London Boroughs already use this DSG as permitted to support central services.
- 3.2. The Schools Block is approx. £232.775M which averages out at £5,555 of funding for each of the 41,900 children in mainstream provision in Brent. To

protect and maintain the central services that support schools in the borough the budget consultation recommends the DSG contributing £250K. This equates to £5.97 per child in mainstream schools.

- 3.3. The Council is undertaking a budget consultation to find revenue savings of £20M for the next two years. The DSG contribution proposed in this report is one of the recommended savings, totalling £10M, which are viewed as having a limited impact on front line services. The consultation includes other more difficult savings which will have a greater impact on front line services. Further savings proposals will be needed by 2023.

4.0 2019/20 and 20/20/21 Budget Consultation

- 4.1. In October 2018 the London Borough of Brent launched its budget consultation for the 2019/20 and 2020/21 financial years. The consultation centres on the need to find savings from the revenue budget of £20M across the 2 years. It forecasts that £40M of savings will be needed to balance the budget by 2022/23. The consultation contains £28M of savings proposals which range from recommended savings which have limited impact on services, to those that are much more difficult and would have a more profound impact on communities, such as closing all Children's Centres.
- 4.2. The savings proposal, (reference CYP001) for a £250K DSG contribution is recommended in the budget consultation and it requires Schools Forum approval to proceed. Looking ahead, this would need to be an annual decision, though an early decision on this each year would be beneficial for forward planning purposes. Services which are funded by DSG would have a greater degree of protection from future savings as cutting these budgets would no longer create a saving to the Council's General Fund.
- 4.3. If the recommendation is not agreed savings will have to be made from the more difficult proposals listed in the consultation, which have potential impacts for Brent children and families.
- 4.4. The full budget consultation is available on line using the following hyperlink
 - 4.4.1. https://brent.objective.co.uk/portal/ce/finance/budget_consultation_201920_202122

5.0 Legislative and Funding Context

- 5.1. The Education Services Grant (ESG) was a grant formerly made to Local Authorities and Academy Trusts, split between an allocation for support services and retained statutory duties. When the ESG was withdrawn by central government, the retained element of the Local Authorities allocation, which was worth £15 per pupil, was added to the DSG.
- 5.2. At the same time the financing regulations which govern the DSG were amended to allow Councils with the approval of their Schools Forums, to use the DSG to contribute towards the cost of central services. Some authorities therefore took the view that using the DSG to contribute towards central services, was in reality a technical adjustment with the £15 per pupil continuing to support central services but that this was now routed via the DSG rather than

the ESG. It was at this point when preparing the 2017/18 budget that maintained schools agreed a contribution of £360K. In addition, the large majority of London councils continued to allocate DSG funding to support central services.

6.0 Section 251 benchmarking

- 6.1. The 2018/19 budgets are now available online for all Local Authorities which receive DSG, as part of the Section 251 budget return. A review of this showed that in 2018/19, 29 of the 33 London Boroughs used DSG to support the central services on lines 1.5.1-3. Brent was one of four boroughs that did not, but is now faced with a budget setting challenge that necessitates this decision. Appendix A provides the central support budgets for all London Boroughs.
- 6.2. Reviewing this information shows that on average London Boroughs use £660K for services to support all schools and £900K, when contributions from maintained schools are also taken into account. For Brent, under the proposed arrangements central support would cost £610K in total once the maintained schools contribution is taken into account. For clarity this is £290K less than the London average, despite Brent being one of the larger London boroughs.
- 6.3. Section 251 benchmarking data also shows that nationally the average charge for lines 1.5.1-3 and lines 1.6.1-6 equates to £18 per capita for the child population. For Brent, including the proposed £250K contribution this would equate to £10 per child.

7.0 Central Services

- 7.1. The central services that can be supported are classed in the Section 251 return under 3 headings:
 - Statutory and Regulatory Duties Line 1.5.3
 - Education Welfare Line 1.5.1
 - Asset Management Line 1.5.2
- 7.2. Appendix B summarises statutory and regulatory duties of the local authority. It is an extract of the operational guide for use of the DSG and details examples of services that benefit all schools in the borough, and those that are of particular benefit to maintained schools. Maintained Schools already contribute £360K towards the cost of these, which equates to £15 per pupil.
- 7.3. The DSG contribution is requested in the first instance in recognition of the costs of statutory and regulatory duties. For example the council must prepare monitor and manage the DSG budget, and manage the capital programme.
- 7.4. The DSG contribution will support the planning for the CYP service as a whole, which includes coordinating with other council services and other public and voluntary organisations and leadership of local partnership working to secure outcomes for children and young people. There is significant benefit to schools from this work, which includes closer working with statutory agencies including the Metropolitan Police, Brent CCG and the health economy, ensuring that schools can influence and shape delivery of wider support for children and families in Brent.

7.5. Though the list includes statutory and regulatory duties which the council must carry out, Forum are asked to note the strong partnership of the services provided by Brent and the supportive ethos that this overarching approach has enabled. This can be considered a contributory factor to the achievement of schools in Brent with a high proportion now Good or Outstanding.

7.6. Appendix B includes examples of services which it would not be effective or efficient for schools to run on their own. One example is Internal Audit which could theoretically be outsourced and schools charged for each individual audit, but the service might lose consistency and perceived independence as a result.

8.0 Financial Implications

8.1. The financial implications have been detailed in the body of this paper.

9.0 Legal Implications

9.1. The proposal is in line with the Schools and Early Years Financing Regulations as detailed in the main body of this report.

10.0 Equality Implications

10.1. Not applicable.

11.0 Consultation with Ward Members and Stakeholders

11.1. Not applicable.

Report sign off:

GAIL TOLLEY

Strategic Director of Children and Young People