

LEWISHAM SCHOOLS FORUM			
REPORT TITLE	Dedicated Schools Grant Budget Report 2018/19		
KEY DECISION	Yes	Item No.	5
CLASS	Part 1	Date	17 January 2018

1. Purpose of this Report

The purpose of this report is to agree the Dedicated Schools Grant budget for 2018/19.

2. Recommendations

That the Forum agree:

- i) To the introduction of the national funding formula to replace Lewisham's own funding formula from April 2018.
- ii) That the minimum funding guarantee is set at 0.25% for 2018/17 financial year.
- iii) That £336,566 be allocated from the Contingency Fund to secondary C as a consequence of a year on year fall of greater than 5% in funding.
- iv) That £7,500 be allocated from the Contingency Fund to Primary B as a consequence of a year on year fall of greater than 5% in funding.
- v) That Schools Forum consider the bid from Primary A to allocate £126,267 from the Contingency Fund as a consequence of a year on year fall of greater than 5% in funding.
- vi) That the Schools Forum agree a voluntary code of practice of AWPU funding following a child for an intervention placement at out of borough primary PRU provision.
- vii) That the Schools Forum agree a voluntary code of practice of funding fifty per cent of the transport costs to an out of borough primary PRU provision which would be capped at £4,875 (pro rata of the annual cost per child).

3. Settlement - Funding Announcement

- 3.1 The DSG for 2018/19 has provisionally been set by the Department for Education (DfE) at £292.3m, although this will change during the year to reflect updated pupil numbers.

In comparison with last year, there is a £2.7m increase (0.9%) in the DSG. This is due to the following:

- A reduction of £1.5m driven by the decrease in pupil numbers, in the secondary age group, offset by a small increase in the primary age group.
- There is an extra £2.0m which is the increase provided by central government through their national guarantee of providing an extra 0.5% increase per pupil. This is split evenly between the schools block and high needs block
- Extra funding of £2.2m has been built into the settlement to fund the full year effect of the 30 hours of childcare for working parents, which was originally effective from 1 September 2017. £2.8m was already built into the 2017/18 settlement, giving an overall total for Childcare of £5.0m.

3.2 National Funding Formula

The Department for Education has confirmed the introduction of a national funding formula for schools and for pupils with high needs from the 2018 to 2019 financial year. For the next two years the Department will run the national funding formula, add up the total of all schools for a local authority area and pass it to that local authority for distribution to the schools in their area. The local authority can then use their own funding formula.

Under the national funding formula, all our schools will lose funding and will be protected to their current funding level, this is on a per pupil basis and excludes premises factors. The government has also announced that there will be sufficient funding in the system to allow for a 0.5% percent increase in all schools budgets on pupil related factors.

For Lewisham this means there is £1m available for both 2018/19 and 2019/20. This is demonstrated in the table below:

Note		Schools Block	High Needs	Central	Total	Early Years	overall Total
		£'000	£'000	£'000	£'000	£'000	
A	2017/18 Current	215,373	50,704		266,077	23,549	289,626
B	Baseline	211,029	49,673	5,375	266,077		
C	2018/19 Indicative	212,066	50,647	5,410	268,123	23,549	291,672
<i>D = B-C</i>	Change	1,037	974	35	2,046		
E	2018/19 Allocation	210,998	50,193	5,405	266,596	25,737	292,333
<i>F = E-C</i>	Change	1,068	454	5	1,527	2,188	661

Notes

A = the current DSG (excluding the early years block)

B = the DFE created a new funding block – the central block, they also moved funding from the high needs block to the schools block

C = the indicative amounts for next year's funding

D = the increase in the indicative funding level

E = 2018.19 DSG allocation notified 20.12.17

D = the increase in the actual funding level

- 3.3 The DFE has converted the school blocks to an amount to a per pupil basis (excluding premises factors). For Lewisham, for Primary and Secondary age pupils the amounts are £5,024 and £6,677 respectively. For both age groups Lewisham is now the 12th highest in the country. The English averages are for primary £4,058 and for secondary £5,229.

The area cost adjustment allowed for Lewisham is 21%. The protection built into the funding for Lewisham schools under the national funding formula is £17m.

- 3.4 Whilst there is extra funding in the settlement and our schools are being protected, the settlement is not as good as it may appear on the surface as some costs will need to be met before any money can be distributed, for example the increase in business rates.
- 3.5 Further, with cost pressures of 8% likely over a three year period, the announcement of the small, per pupil cash increase would reduce this to 7%.
- 3.6 The total change in pupil numbers are as follows:

	Oct-16	Oct-17	Change
Primary	25,286	25,354	+68
Secondary	11,532	11,320	-212

4. The National Funding Formula versus the Lewisham Funding Formula

- 4.1 As all our schools are being protected under the new national funding formula and given that the DfE has run the new national funding model and passed us the funds, then in theory if there were no changes to the funding levels the figures each school receives should be virtually the same although for technical reasons there is not exact match in all schools.
- 4.2 It was agreed at the last meeting of the Forum that schools should be consulted on whether Lewisham should use the new funding formula to allocate funding in the future. As well as asking officers to make sure that the results of the national funding were the same as the Lewisham funding formula were still the same once all the new data changes were applied.
- 4.3 The table below shows those schools where the formula allocations are currently showing a difference between the Lewisham Formula and the National Funding Formula in excess of £5k. In all cases shown, the Lewisham formula would result in a higher allocation. This is caused by these schools receiving a higher allocation than the MFG. The reason for this is shown against each school.

	Difference Between Formulae	Explanation
School A All Thru	£51,911	Amount represents 0.8% of the school's ISB allocation. Year on year the school is facing a £1,025k reduction in its ISB allocation but a £27 increase per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is the result of changes in pupil characteristics, with all pupil led factors (except EAL) being funded proportionately higher.
School B Infant	£26,401	Amount represents 1.9% of the school's ISB allocation. Year on year the school is facing a £72k reduction in its ISB allocation but a £31 increase per pupil. The difference between the two formula options has arisen as a result of the Lewisham formula funding 6 additional pupils compared to the NFF. This is because the NFF does not fund reception growth between the autumn and spring terms.
School C Secondary	£24,683	Amount represents 0.4% of the school's ISB allocation. Year on year the school is facing a £512k reduction in its ISB allocation but a £445 increase per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is because the school has benefitted from a £325k increase in the PFI factor
School D Secondary	£12,544	Amount represents 0.2% of the school's ISB allocation. Year on year the school is facing a £106k reduction in its ISB allocation but a £58 increase per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is because the school has benefitted from a £50k increase in the PFI factor
School E All Thru	£11,055	Amount represents 0.2% of the school's ISB allocation. Year on year the school is facing a £37k reduction in its ISB allocation but a £51 increase per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is because the school has benefitted from a £40k increase in the PFI factor
School F Primary	£5,585	Amount represents 0.5% of the school's ISB allocation. Year on year the school is facing a £4k increase in its ISB allocation and a £3 reduction per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is the result of changes in pupil characteristics, with an

		increase in the number of pupils with low Foundation Stage Judgements.
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4.4 The consultation closed on the 4 January 2018 with only one response having been received. The changes listed in the table above do not appear to be significant enough to warrant delaying the move to the national formula.

4.5 It is recommended to the Forum that the new formula be adopted.

5 Minimum Funding Guarantee (MFG)

5.1. Local Authorities are now allowed to set a pre-16 minimum funding guarantee (MFG) in their local formulae, to protect schools from excessive year-on-year changes, and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through. Consultation must take place with the Schools Forum. This is a new power this year and the MFG has in the past be set by the Department for Education.

5.2. There is not complete freedom: for 2018 to 2019 the MFG has to be set between 0.5% and minus 1.5% per pupil.

5.3 The Government has already specified that within the settlement there will be an overall guaranteed 0.5% increase per pupil.

5.4. However there are elements of the formula that fall outside the per pupil guarantee such as business rates and PFI costs which will need to be funded first and this will limit the amount that can be distributed.

5.5 The table below represents the funding available (this relates to the schools block only) the funding needed for the premises factors and the balance left

	£m	£m
Increase in funding		1.0
Business rates	0.1	
PFI	0.4	
Revised balance available		0.5
% Available		0.25%

5.6 It is recommended the minimum funding guarantee is set at 0.25%. The Schools Forum considered this at their meeting on the 7 December 2017 and agreed that the MFG should be set at a maximum rate possible within the funding envelope.

6 Contingency bids

- 6.1 Under the terms of reference for the contingency fund, there is provision for the allocation of amounts to schools with large reductions in their funding allocations. Schools are largely funded on the basis of pupil numbers as at the October census. Between years a school can have a large drop in numbers. Normally this would be expected to be managed by the school.

In cases where the fall in funding would result in significant numbers of staff being made redundant there is a danger that this could adversely impact on the delivery of the curriculum. In cases where the funding of the school falls by more than 5% in the funding formula plus early years funding (adjusted accordingly if funding mechanism change between years), a school can bid for funding to replace the amount of funding lost over and above 5%. All circumstances within the school will be taken into account by the Forum on deciding the level of support.

The following schools fall within this criteria

	Fall in funding above %	School's budget Position
Primary A	£126,267	Viable budget plan
Primary B	£7,500	Only just balanced budget plan
Secondary C	£337,566	Large Deficit

It is recommended that the fall in funding at Primary B and Secondary C be funded from the contingency. The details from Primary A will follow when they have been received.

7 New Woodlands

- 7.1 As a result of the changes to revert New Woodlands to its special school status, the local authority has commissioned alternative primary PRU places with a Lambeth PRU. For the rest of the academic year, ten 'revolving door' intervention placements are available at the Lambeth Primary PRU through a referral process with the local authority. This is an interim arrangement that is needed until the establishment of the permanent Primary phase Alternative Provision in Lewisham in September 2019.
- 7.2 In line with the principles of managed moves (the funding follows the child) this unusual situation was discussed at Primary Fair Access Panel on 12th December 2017. The Panel took the view that:

- i) Schools should pay towards the cost of the placement from the AWPU for the child referred to the Primary PRU based on the length of the placement.
- ii) Schools should pay fifty per cent of the cost of the transport for the child to attend the Lambeth Primary PRU which would be capped at £4,875 (pro rata of the annual cost per child).

7.3 Recommendation

- i) That the Schools Forum agree a voluntary code of practice of funding following a child for an intervention placement to an out of borough primary PRU provision.
- ii) That the Schools Forum agree a voluntary code of practice of funding fifty per cent of the transport costs to an out of borough primary PRU provision which would be capped at £4,875 (pro rata of the annual cost per child).
- iii) That the funding be based on the AWPU unit only (2017/18 £3,735.55).

Dave Richards

Group Finance Manager – Children and Young People

Contact on 020 8314 9442 or by e-mail at dave.richards@lewisham.gov.uk