

Dedicated Schools Grant Funding and Budget 2016/17

Report being considered by: Schools Forum
On: 14/03/2016
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Item for: Discussion **By:** All Forum Members

1. Purpose of the Report

- 1.1 This report provides an update on the Dedicated Schools Grant (DSG) funding for 2016/17 and an overview of the total current budget position. Other reports on this agenda go into further detail on the high needs and early years' blocks. The 2016/17 budgets for these blocks will need to be agreed at this meeting.

2. Recommendation(s)

- 2.1 To take note of the overall position as outlined in this report when considering the proposals for the high needs and early years blocks presented in the more detailed reports on this agenda.

| | | |
|---|-------------------------------|---|
| Will the recommendation require the matter to be referred to the Council or the Executive for final determination? | Yes: <input type="checkbox"/> | No: <input checked="" type="checkbox"/> |
|---|-------------------------------|---|

3. Funding and Budget 2016/17

- 3.1 The Department for Education (DfE) announced the Dedicated Schools Grant (DSG) settlement for 2016/17 on 17th December 2015. DSG funding is split into 3 funding blocks – schools, early years and high needs, each calculated in a different way. There was no increase to the funding rates for the schools block and early years block, but there was a small increase to the high needs block allocation.
- 3.2 Table 1 summarises the overall funding and budget position for 2016/17 as presented at the last meeting of the Schools' Forum in January.

TABLE 1

| 2016/17 Estimate | DSG Funding £'000 | Budget Estimate £'000 | Headroom/ (Shortfall) £'000 |
|--------------------------|------------------------------|--------------------------------------|--|
| Schools Block | 96,718 | 96,112 | 606 |
| Early Years Block | 6,708 | 6,824 | (116) |
| High Needs Block | 19,464 | 21,379 | (1,915) |
| Total | 122,890 | 124,315 | (1,425) |

- 3.3 The funding blocks are not ring fenced, and due to the significant shortfall in the high needs block, it was decided at the last meeting to transfer the headroom plus an additional £242k of funding (thus reducing individual school’s funding allocations) from the schools block to the high needs block.
- 3.4 Following the last meeting, revisions to the 2015/16 forecasts have been made based on actual high needs and early years placements as at the end of January 2016. The revised carry forward figures for each block plus the transfers of funding between blocks, and the latest early years estimate are now included in the DSG funding estimate for 2016/17. A breakdown of the latest funding calculation split between the three blocks is shown in Appendix A.
- 3.5 The 2016/17 budget estimates have also been revised based on the most up to date information. The current overall position is shown in Table 2, with a more detailed breakdown by cost centre shown in Appendix B.

TABLE 2

| 2016/17 Estimate | DSG Funding £'000 | Budget Estimate £'000 | Headroom/ (Shortfall) £'000 |
|--------------------------|------------------------------|--------------------------------------|--|
| Schools Block | 95,870 | 95,870 | 0 |
| Early Years Block | 7,337 | 7,134 | 203 |
| High Needs Block | 20,206 | 21,584 | (1,378) |
| Total | 123,413 | 124,588 | (1,175) |

4. Schools Block

- 4.1 In order to meet DfE deadlines, this block was decided at the last meeting of the Schools’ Forum and is now balanced and set for 2016/17. Headroom available in this block was transferred to the high needs block (total transfer of funding £848k). No further changes can be made.

5. Early Years Block

- 5.1 Early years funding for 2016/17 will be based 5/12 on the January 2016 census and 7/12 on the January 2017 census. For the purpose of setting the budget for 2016/17 the figures from the January 2016 census only have been used. This assumes that the numbers of children accessing the free entitlement will not be significantly different next January.
- 5.2 The funding figures include an estimated net carry forward from 2015/16 of £577k. The actual should not differ significantly from this as most payments for the year have now been made.
- 5.3 The budget estimate for 2016/17 assumes the same level of take up as in 2015/16, and maintaining the same hourly rates. On this basis part of the under spend from 2015/16 will be required, but this still leaves £203k available as one-off funding. The proposals for this block are set out in another report on this agenda.

6. High Needs Block

6.1 The significant shortfall in funding in the high needs block for 2016/17 (£2.2m reduced to £1.4m after transfer from the schools block), is due mainly to the following factors:

- A significant over spend of £731k in the current year high needs block which will need to be met from next year's DSG.
- Carry forward of under spend from previous years in the high needs block have been used up in the current year (£345k in 2015/16).
- Pupil numbers and needs in the high needs block continue to rise without a corresponding increase in funding.
- Only a minor increase (£284k) to our funding allocation to go towards increasing numbers and demands.

6.2 Another report on this agenda sets out the proposals for balancing the high needs block over a two year period.

7. Conclusion

7.1 Although the over spend in the current year's high needs block requires a one off saving (being met from the schools block in 2016/17), there is still a significant ongoing shortfall of £1.5m in the high needs block which needs to be addressed and which can only be met by a reduction in funding rates, reduction in services, and by increases in charges to schools.

7.2 It remains to be seen what the Government's proposals for reform in school funding will mean for West Berkshire from 2017/18 and beyond.

8. Appendices

Appendix A – Estimated DSG Funding 2016/17

Appendix B - Draft DSG Budget 2016/17

9. Heads Funding Group Recommendation

9.1 To note the overall position when setting the budget for 2016/17

| Estimated DSG Funding 2016/17 as at 4th MARCH 2016 | | |
|---|------------------------|-------------------------|
| | Final 2015/16 | Estimate 2016/17 |
| | Oct 2014 census | Oct 2015 census |
| 3 SCHOOLS BLOCK (final) | | |
| 4 Pupil Numbers | | |
| 5 School Census - Mainstream | 22,062.0 | 22,226.0 |
| 6 AP census January 2015 | | 2.0 |
| 7 Add: Reception Uplift | 49.0 | 26.0 |
| 8 Less: Pupils/Places in Resource Units | -119.0 | -119.0 |
| 9 Total Pupil numbers | 21,992.0 | 22,135.0 |
| 10 | | |
| 11 DSG Guaranteed Unit of Funding | £4,367.93 | £4,368.03 |
| 12 DSG based on pupil numbers | £96,059,517 | £96,686,344 |
| 13 | | |
| 14 Plus: Adjustment for NQT | £33,115 | £32,000 |
| 15 Transfer Funding to HNB | | -£848,000 |
| 16 ADD Carry Forward from Previous Year | £148,491 | £0 |
| 17 | | |
| 18 Total Schools Block including Academies | 96,241,123 | 95,870,344 |
| 19 | | |
| 20 EARLY YEARS BLOCK (Provisional) | Jan 2015 census | Jan 2016 census |
| 21 Three & Four Year Old Funding | | |
| 22 School Census - Mainstream | 422.0 | 425.0 |
| 23 Early Years Census | 1,139.0 | 1,131.0 |
| 24 Total Pupil numbers | 1,561.0 | 1,556.0 |
| 25 | | |
| 26 DSG Guaranteed Unit of Funding | £3,911.25 | £3,911.25 |
| 27 DSG based on census pupil numbers | £6,105,461 | £6,085,905 |
| 28 adjustment for assumed pupil numbers | £3,521 | £0 |
| 29 | | |
| 30 Two Year Old Funding | | |
| 31 School Census - Mainstream | 8.5 | 30.0 |
| 32 Early Years Census | 105.5 | 94.0 |
| 33 Total Pupil numbers | 114.0 | 124.0 |
| 34 | | |
| 35 DSG Guaranteed Unit of Funding 2 Year Olds 15/16 (FTE) | £5,092.00 | £5,092.00 |
| 36 DSG based on census pupil numbers | £580,488 | £631,408 |
| 37 adjustment for assumed pupil numbers | £242,736 | £0 |
| 38 | | |
| 39 Difference in provision for DSG due in previous year: | | |
| 40 Provision for estimated DSG | -£61,000.00 | |
| 41 Actual DSG | £59,000.00 | |
| 42 | | |
| 43 Plus Indicative Early Years PPG | £74,590 | £53,000 |
| 44 Transfer Funding to HNB | -£10,000 | -£10,000 |
| 45 ADD Carry Forward from Previous Year | £667,092 | £576,756 |
| 46 | | |
| 47 Total Early Years Block | 7,661,888 | 7,337,069 |
| 48 | | |
| 49 HIGH NEEDS BLOCK (final) | | |
| 50 Previous Year High Needs Budget | 17,550,154 | 19,100,554 |
| 51 Adjustments: | | 694,600 |
| 52 Adjust from residency basis to location basis | 1,389,400 | |
| 53 Funding Adjustment | 17,000 | 0 |
| 54 Additional Funding | 144,000 | 284,000 |
| 55 Transfer Funding from EYB | 10,000 | 10,000 |
| 56 Transfer Funding from SB | | 848,000 |
| 57 ADD Carry Forward from Previous Year | 344,944 | -731,140 |
| 58 | | |
| 59 Total High Needs Block | 19,455,498 | 20,206,014 |
| 60 | | |
| 61 TOTAL DSG FUNDING AVAILABLE | 123,358,509 | 123,413,427 |