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# Draft Dedicated Schools Grant Funding and Budget 2017/18

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**Report being considered by:** Schools Forum

**On:** 05/12/2016

**Report Author:** Claire White

**Item for:** Decision **By:** All Forum Members

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## 1. Purpose of the Report

- 1.1 To set out the position known so far on the Dedicated Schools Grant (DSG) funding and budget for 2017/18.

## 2. Recommendation(s)

- 2.1 To allocate all schools block headroom to schools.
- 2.2 *Not* to transfer any funding from the high Needs Block to the Schools Block.
- 2.3 To note the position on the early years and high needs blocks, particularly in reference to other reports on this agenda.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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## 3. Introduction

- 3.1 The Dedicated Schools Grant (DSG) consists of three funding blocks, Schools, Early Years, and High Needs, each calculated in a different way. The blocks are not ring fenced, so it is possible to move funding between blocks if there is a funding pressure in one block that cannot be met by any other means.
- 3.2 The Government is intending to reform the way funding for each block is allocated to local authorities. The reform of the school and high needs funding has been delayed by a year, and it is now proposed to take place from 2018/19. Second stage consultations and exemplifications are still outstanding and due by the end of the year. Changes to early years funding are due to take place from 2017/18, and the results of the consultation which closed in September is still outstanding.
- 3.3 This report sets out the position known so far on the DSG funding allocations for 2017/18. A clearer picture will emerge in mid December when final allocations for the schools and high needs blocks are due, when the arrangements for early years funding are confirmed, and when the official October 2016 census data is made available.
- 3.4 The draft 2017/18 budget requirement for each block is also set out, indicating where there could be differences between funding expected and expenditure, after

taking into account likely carry forward of funds or deficits at the end of the 2016/17 financial year.

#### 4. Overall Position

- 4.1 Table 1 summarises the overall position. More detailed breakdowns are provided in Appendix A (DSG funding calculation) and Appendix B (DSG budget by Service).

<b>TABLE 1</b>	<b>2016/17 Budget £</b>	<b>2016/17 Forecast £</b>	<b>2017/18 Estimate £</b>
<b><u>Schools Block</u></b>			
DSG Funding	96,243,330	96,243,330	97,200,460
Expenditure Budget	-96,243,330	-96,243,330	-97,010,090
<i>Difference</i>	<b>0</b>	<b>0</b>	<b>190,370</b>
<b><u>Early Years Block</u></b>			
DSG Funding	7,275,940	6,972,360	7,381,120
Expenditure Budget	-7,179,010	-7,319,000	-7,381,120
<i>Difference</i>	<b>96,930</b>	<b>-346,640</b>	<b>0</b>
<b><u>High Needs Block</u></b>			
DSG Funding	20,301,350	20,301,350	19,118,350
Expenditure Budget	-21,094,620	-20,893,000	-20,312,740
<i>Difference</i>	<b>-793,270</b>	<b>-591,650</b>	<b>-1,194,390</b>
<b><u>TOTAL</u></b>			
DSG Funding	123,820,620	123,517,040	123,699,930
Expenditure Budget	-124,516,960	-124,455,330	-124,703,950
<i>Difference</i>	<b>-696,340</b>	<b>-938,290</b>	<b>-1,004,020</b>

- 4.2 Separate detailed reports on the high needs and early year's budgets are on this agenda. The following paragraphs summarise the position on each block.

#### 5. Schools Block

- 5.1 Schools block funding is simply calculated as the number of primary and secondary pupils (counted in the October census) multiplied by the funding rate. The base lining exercise has moved funding from the Schools Block to the High Needs Block due to the Schools' Forum decision to fund high needs pressures in 2016/17 from schools.
- 5.2 The Schools Block per pupil rate for 2017/18 has been confirmed as £4,348.43 compared to £4,368.03 in 2016/17. Basing this on the same number of pupils in 2017/18, this is a reduction of £434k, although services previously funded through the Education Services Grant (ESG) will also need to be met from this block.
- 5.3 The transfer of ESG services into the DSG is made up of two elements:
- **General Funding Rate.** This element of the grant is being cut. It previously covered the statutory duties that are carried out for maintained schools. Examples include school improvement, audit, health & safety. Academies previously received the funding for these duties on top of their main formula funding allocation, and will no longer receive this grant, although still incur the costs. For maintained schools there will be a de-delegation (top slice of

their budget allocation) in order to pay for these services. Further information about the top slice is in the de-delegation report.

- **Retained Duties.** This is to cover statutory duties that are carried out for all schools including academies (mainly education welfare and asset management), and will now be met from the Schools Block budget, for which a small transfer of funding into the DSG has been received. An estimate of the cost of these services has been built into the school block budget calculations.

Final details on these services will be brought back to the January 2017 meeting – the amended school funding regulations which will clarify the services has still not been received by the Government.

- 5.4 The schools block is modelled on *draft* October 2016 pupil numbers, and on this basis there is enough funding to maintain current formula funding rates and the centrally retained budget, including the new services.
- 5.5 Given the increased costs that all schools are going to bear in their 2017/18 budgets, particularly in relation to ESG services, it is proposed that all headroom is allocated to schools as per the formula method agreed in the school formula report.

## 6. Early Years Block

- 6.1 The results from the consultation on the new early years funding arrangements due to be implemented from April 2017 has still not been received. The budget has been based on the funding rates given in the consultation, and assuming that the formula to allocate this funding to providers will change to a single rate *based on what is affordable within this block*.
- 6.2 The assumed new funding rates for West Berkshire are £5,453 compared to £5,092 for two year olds, and £4,465 compared to £3,911 for three and four year olds. Although this is a reasonable increase, the three and four year old rate for West Berkshire is below average when it should be well above average (which is the case for the two year old rate). Although this plugs the current funding gap, many providers will see a reduction in funding due to the move to a single funding rate.
- 6.3 In the first year, rates to providers are likely to be lower than they should be, in order to recover the deficit from 2016/17. The current year is currently forecasting an over spend due to lower January 2016 census numbers which has had an impact on the grant to be received, and higher hours of provision in the summer term 2016 compared to the budget and funding received.
- 6.4 The January 2016 census data has been used to calculate funding and the 2015/16 actual hours of provision used to calculate the expenditure. No account has yet been taken of the increase to 30 hours of provision from September 2017.
- 6.5 It has been assumed that 5% of the total early years block funding will be set aside for centrally retained services, which can include services to support early year's children with high needs.
- 6.6 Further details on the early year's budget are in another report on this agenda.

## 7. High Needs Block

- 7.1 Funding for this block is received as a lump sum. There have been minimal increases to this block of funding over the past few years. The base lining exercise has added funding in accordance to how we proposed to use the 2016/17 in year allocation of DSG, but not what we actually proposed to spend (planned overspend this year).
- 7.2 The funding arrangements for 2017/18 state that there will be no reduction to the 2017/18 allocation, and it is not yet known whether West Berkshire will benefit from any additional funding. No additional funding has been built in at this stage.
- 7.3 When doing a year on year comparison, it should be noted that adjustments have been made to the allocation, removing funding that the LA will no longer be responsible for, and adding funding that will become part of the LA allocation (but recouped); these adjustments should not have any financial impact.
- 7.4 Although the high needs block grant has been uplifted following the transfer of funding from the schools block, and the current 2016/17 forecast is under budget, it is not enough to balance this block based on 2017/18 estimated expenditure. Unless West Berkshire receives additional funding, further savings will need to be found in this block.
- 7.5 Given the funding position on the High Needs Block, Heads Funding Group agreed that there should not be a transfer of funding from this block to the Schools Block in 2017/18. It was also noted that due to the planned implementation of the schools national funding formula in 2018/19, any transfer of funding to the Schools Block would be lost, whereas the High Needs Block could continue to benefit from it.
- 7.6 Further details on the high needs budget are in another report on this agenda.

## 8. Conclusion

- 8.1 Final grant allocations are subject to the October 2016/January 2017 census data and following the results of the early years funding consultation. Work on the budget requirement for 2017/18 is also ongoing and being refined. The indications are, however, that there is enough funding in the schools block, but further savings need to be found in the high needs block.

## 9. Appendices

Appendix A – DSG Funding Calculation 2017/18 – Version 1

Appendix B – DSG Budget by Service 2017/18 – Version 1

## Appendix A

DSG Funding Calculation - Adjustments to Baselines and Budget Estimate for 2017/18							
	June 16 SF			Jul-16			
		17/18 BASELINE calculation	DfE Baseline 2017/18		Base Budget 2017/18	Budget V1 2017/18	Final Budget 2017/18
	Revised 2016/17			Revised 2016/17			
4 <b>SCHOOLS BLOCK (final)</b>	Oct '15 census		Oct '15 census	Oct '15 census	Oct '15 census	Oct '16 estimate	Oct '16 census
5 Pupil Numbers							
6 School Census - Mainstream	22,226.0		22,226.0	22,226.0	22,226.0	22,446.0	22,446.0
7 AP census January 2015	2.0		2.0	2.0	2.0	0.0	0.0
8 Add: Reception Uplift	26.0		26.0	26.0	26.0	26.0	26.0
9 Less: Pupils/Places in Resource Units	-119.0		-119.0	-119.0	-119.0	-119.0	-119.0
10 <b>Total Pupil numbers</b>	<b>22,135.0</b>		<b>22,135.0</b>	<b>22,135.0</b>	<b>22,135.0</b>	<b>22,353.0</b>	<b>22,353.0</b>
11							
12 DSG Guaranteed Unit of Funding	£4,368.03		£4,348.43	£4,368.03	£4,348.43	£4,348.43	£4,348.43
13 DSG based on pupil numbers	£96,686,344	96,686,344	£96,252,498	£96,686,344	£96,252,498	£97,200,456	£97,200,456
14							
15 Plus: Adjustment for NQT	£32,000	32,000		£32,000			
16 Transfer Funding to HNB	-£848,000	-848,000		-£848,000			
17 ADD Carry Forward from Previous Year	£372,990			£372,990			
18							
19 <b>Baseline submitted</b>		<b>95,870,344</b>					
20							
21 Add: ESG Retained Duties		382,000					
22							
23 <b>Total Schools Block including Academies</b>	<b>96,243,334</b>	<b>96,252,344</b>	<b>96,252,498</b>	<b>96,243,334</b>	<b>96,252,498</b>	<b>97,200,456</b>	<b>97,200,456</b>
24							
25 <b>EARLY YEARS BLOCK (Provisional)</b>	Jan 2016 census			Jan 2016 census	Jan 2016 census	Jan 2016 census	Jan 2017 census
26 <b>Three &amp; Four Year Old Funding</b>	estimate			actual	actual	actual	estimate
27 School Census - Mainstream	425.0			425.0	425.0	425.0	425.0
28 Early Years Census	1,131.0			1,090.0	1,090.0	1,090.0	1,090.0
29 <b>Total Pupil numbers</b>	<b>1,556.0</b>			<b>1,515.0</b>	<b>1,515.0</b>	<b>1,515.0</b>	<b>1,515.0</b>
30							
31 DSG Guaranteed Unit of Funding	£3,911.25			£3,911.25	£4,465.00	£4,465.00	£4,465.00
32 DSG based on census pupil numbers	£6,085,905	6,085,905	5,940,000	£5,925,544	£6,764,475	£6,764,475	£6,764,475
33 adjustment for assumed pupil numbers	£0	19,560					
34							
35 <b>Two Year Old Funding</b>							
36 School Census - Mainstream	30.0			29.0	29.0	29.0	29.0
37 Early Years Census	94.0			91.0	91.0	91.0	91.0
38 <b>Total Pupil numbers</b>	<b>124.0</b>			<b>120.0</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>
39							
40 DSG Guaranteed Unit of Funding	£5,092.00			£5,092.00	£5,453.00	£5,453.00	£5,453.00
41 DSG based on census pupil numbers	£631,408			£611,040	£654,360	£654,360	£654,360
42 adjustment for assumed pupil numbers	£0						
43							
44 <b>Other</b>							
45 Plus Indicative Early Years PPG	£53,000			£21,147	£21,147	£21,147	£21,147
46 Transfer Funding to HNB	-£10,000	-10,000		-£10,000			
47 ADD Carry Forward from Previous Year	£515,626			£515,626	-£346,560	-£346,560	-£346,560
48 Unallocated funding		-158,059					
49 Nursery school supplement					287,700	287,700	287,700
50 Difference in previous year				-£91,000			
51							
52 <b>Baseline submitted</b>		<b>5,937,406</b>					
53							
54							
55 <b>Total Early Years Block</b>	<b>7,275,939</b>	<b>5,937,406</b>	<b>5,940,000</b>	<b>6,972,357</b>	<b>7,381,122</b>	<b>7,381,122</b>	<b>7,381,122</b>
56							
57 <b>HIGH NEEDS BLOCK</b>							
58 Previous Year High Needs Budget	19,100,554	19,100,554	19,710,000	19,100,554	19,710,000	19,710,000	19,710,000
59 Adjustments:	694,600	694,600		694,600			
60 Additional Funding	284,000	284,000		284,000			
61 Transfer Funding from EYB	10,000	10,000		10,000			
62 Transfer Funding from SB	848,000	848,000		848,000			
63 ADD Carry Forward from Previous Year	-635,800			-635,800	-£591,650	-£591,650	-£591,650
64							
65 Unallocated funding from EY block		158,059					
66 Remove NMSS		-1,960,000					
67							
68 <b>Baseline submitted</b>		<b>19,135,213</b>					
69							
70 Add: Post 16 Transfer		570,000					
71							
72 <b>Total High Needs Block</b>	<b>20,301,354</b>	<b>19,705,213</b>	<b>19,710,000</b>	<b>20,301,354</b>	<b>19,118,350</b>	<b>19,118,350</b>	<b>19,118,350</b>
73							
74 <b>TOTAL DSG FUNDING AVAILABLE</b>	<b>123,820,627</b>	<b>121,894,963</b>	<b>121,902,498</b>	<b>123,517,045</b>	<b>122,751,970</b>	<b>123,699,928</b>	<b>123,699,928</b>