
Dedicated Schools Grant (DSG) Funding Settlement and Budget 2017/18

Report being considered by: Schools Forum

On: 23/01/2017

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

1. Purpose of the Report

- 1.1 To set out the Government's funding settlement for the Dedicated Schools Grant (DSG) and the overall budget position for 2017/18.

2. Recommendation

- 2.1 To note the position, particularly in reference to other 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"/>
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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 currently ring fenced, and it is possible to move funding between blocks.
- 3.2 The Government is reforming the way funding for each block is allocated to local authorities. The reform of the school and high needs funding blocks has been delayed by a year, and it is now proposed to take place from 2018/19. Second stage consultations and exemplifications were announced in December and the consultations will close on 22 March 2017. Changes to early years funding will take place from 2017/18.
- 3.3 This report sets out the 2017/18 funding allocations for each block, announced by the Government on 20 December 2016.
- 3.4 The draft 2017/18 budget requirement for each block is also set out, indicating where there are differences between funding 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).

TABLE 1	2016/17 Budget £	2016/17 Forecast £	2017/18 Estimate £
<u>Schools Block</u>			
DSG Funding	96,243,330	96,243,330	96,987,340
Expenditure Budget	-96,243,330	-95,943,330	-96,987,340
<i>Difference</i>	0	300,000	0
<u>Early Years Block</u>			
DSG Funding	7,275,940	6,972,360	8,892,320
Expenditure Budget	-7,179,010	-7,318,920	-8,892,320
<i>Difference</i>	96,930	-346,560	0
<u>High Needs Block</u>			
DSG Funding	20,301,350	20,301,350	19,613,430
Expenditure Budget	-21,094,620	-20,747,920	-20,208,230
<i>Difference</i>	-793,270	-446,570	-594,800
<u>TOTAL</u>			
DSG Funding	123,820,620	123,517,040	125,493,090
Expenditure Budget	-124,516,960	-124,110,250	--126,087,890
<i>Difference</i>	-696,340	-593,210	-594,800

4.2 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 is £4,348.43 compared to £4,368.03 in 2016/17 (this is after taking into account the transfer into the DSG of Education Services Grant funding at £15 per pupil). October 2016 pupil numbers are 22,235, resulting in a schools block allocation of £96.687m. Due to the increase in pupil numbers, this has resulted in the same level of grant as in 2016/17. It is assumed there will be a £300k under spend in 2016/17 in the growth and falling rolls fund which can be added to the 2017/18 amount available for allocation.
- 5.3 After taking into account centrally retained budgets, and running the school formula on the current funding rates for each factor, there is headroom of £226k. All headroom will be allocated to schools as per the method agreed at the last meeting of the Schools' Forum, subject to final approval by the Council's Executive on 19th January 2017. Further details on the schools block budget is in another report on this agenda.

6. Early Years Block

- 6.1 The funding rate for the early years block has been determined by a new funding formula. No change was made to West Berkshire's proposed funding rate following the consultation on the new formula, to reflect concerns that the premises area cost adjustment looked too low for West Berkshire. Detailed calculations have been requested from the DfE, but so far have not been received.

- 6.2 The new funding rates for West Berkshire are £5,453 compared to the current rate of £5,092 for two year olds, and £4,465 compared to the current rate of £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 helps plug the current funding gap, many providers will see a reduction in funding due to the move to a single base funding rate.
- 6.3 Additional funding has been allocated for the increase to 30 hours of provision for eligible children from September 2017, although this will be adjusted based on actual numbers in the January 2018 census.
- 6.4 Allocations for pupil premium grant and the new Disability Access Fund are based on current estimates, but again will be updated according to actual numbers in the January 2018 census.
- 6.5 A fixed sum allocation for maintained nursery schools has been guaranteed until 2019/20, in order to minimise the loss to these schools.
- 6.6 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. This will continue to be a problem under the new system, with funding being based on attendance on a single day in January, and not confirmed until after the end of the financial year.
- 6.7 Up to 7% of three and four year old funding in 2017/18 and 5% from 2018/19 can be set aside for centrally retained services, which can include services to support early year's children with high needs.
- 6.8 The early year's budget will be set according to what is affordable within this block.
- 6.9 Further details on the proposed local early year's formula to allocate three and four year old funding to providers is 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 2017/18 settlement has added an additional £350k to the allocation, which is based on actual population and assumed population increases.
- 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); the net adjustment is a reduction of £1.39m to both funding and expenditure.

- 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. Further savings will need to be found in this block.
- 7.5 Further details on the high needs budget are in another report on this agenda.

8. Conclusion

- 8.1 Although primary and secondary schools will benefit from a small increase to their formula funding allocation, it falls short of the additional spending pressures they will have in 2017/18. Unfortunately it does not appear that the position for many West Berkshire schools will improve with the introduction of the national funding formula.
- 8.2 It is disappointing that West Berkshire has not come out well from the new Early Years funding formula, and many providers will see a reduction to their funding from 2017/18.
- 8.3 The pressures in the High Needs block continue with growing numbers and demand, and again it is disappointing that West Berkshire will probably not benefit from additional funding from the new funding formula in 2018/19. The savings required to be made in this block will have a significant impact on schools and pupils with and without additional needs.

9. Appendices

Appendix A – DSG Funding Calculation 2017/18 – Version 2

Appendix B – DSG Budget by Service 2017/18 – Version 2

Appendix A

DSG Funding Calculation - Adjustments to Baselines and Budget Estimate for 2017/18							
	June 16 SF	17/18		Jul-16			
	Revised 2016/17	BASELINE calculation	DfE Baseline 2017/18	Revised 2016/17	Base Budget 2017/18	Budget V1 2017/18	January '17 Final Budget 2017/18
	Oct '15 census		Oct '15 census	Oct '15 census	Oct '15 census	Oct '16 estimate	Oct '16 census
SCHOOLS BLOCK (final)							
Pupil Numbers							
School Census - Mainstream	22,226.0		22,226.0	22,226.0	22,226.0	22,446.0	22,335.0
AP census January 2015	2.0		2.0	2.0	2.0	0.0	0.0
Add: Reception Uplift	26.0		26.0	26.0	26.0	26.0	22.0
Less: Pupils/Places in Resource Units	-119.0		-119.0	-119.0	-119.0	-119.0	-122.0
Total Pupil numbers	22,135.0		22,135.0	22,135.0	22,135.0	22,353.0	22,235.0
DSG Guaranteed Unit of Funding	£4,368.03		£4,348.43	£4,368.03	£4,348.43	£4,348.43	£4,348.43
DSG based on pupil numbers	£96,686,344	96,686,344	£96,252,498	£96,686,344	£96,252,498	£97,200,456	£96,687,341
Plus: Adjustment for NQT	£32,000	32,000		£32,000			
Transfer Funding to HNB	-£848,000	-848,000		-£848,000			
Baseline submitted		95,870,344					
Add: ESG Retained Duties		382,000					
In Year Allocation	£95,870,344			£95,870,344	£96,252,498	£97,200,456	£96,687,341
ADD/SUBTRACT Carry Forward from Previous Yr	£372,990			£372,990			£300,000
Total Schools Block including Academies	96,243,334	96,252,344	96,252,498	96,243,334	96,252,498	97,200,456	96,987,341
EARLY YEARS BLOCK (Provisional)	Jan 2016 census			Jan 2016 census	Jan 2016 census	Jan 2016 census	Jan 2017 census
Three & Four Year Old Funding	estimate			actual	actual	actual	estimate
School Census - Mainstream	425.0			425.0	425.0	425.0	425.0
Early Years Census	1,131.0			1,090.0	1,090.0	1,090.0	1,090.0
Total Pupil numbers	1,556.0			1,515.0	1,515.0	1,515.0	1,515.0
Total assumed for additional 15 hours							580.8
DSG Guaranteed Unit of Funding	£3,911.25			£3,911.25	£4,465.00	£4,465.00	£4,465.00
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
DSG based on assumed additional 15 hours (7/12)							£1,512,742
DSG adjustment for assumed pupil numbers	£0	19,560					
Two Year Old Funding							
School Census - Mainstream	30.0			29.0	29.0	29.0	29.0
Early Years Census	94.0			91.0	91.0	91.0	91.0
Total Pupil numbers	124.0			120.0	120.0	120.0	120.0
DSG Guaranteed Unit of Funding	£5,092.00			£5,092.00	£5,453.00	£5,453.00	£5,453.00
DSG based on census pupil numbers	£631,408			£611,040	£654,360	£654,360	£654,360
DSG adjustment for assumed pupil numbers	£0						
Other							
Indicative Early Years PPG	£53,000			£21,147	£21,147	£21,147	£21,228
Transfer Funding to HNB	-£10,000	-10,000		-£10,000			
Unallocated funding		-158,059					
Nursery school supplement					287,700	287,700	267,622
Disability Access Fund							18,450
Difference in previous year				-£91,000			
Baseline submitted		5,937,406					
In Year Allocation	£6,760,313			£6,456,731	£7,727,682	£7,727,682	£9,238,877
ADD/SUBTRACT Carry Forward from Previous Yr	£515,626			£515,626	-£346,560	-£346,560	-£346,560
Total Early Years Block	7,275,939	5,937,406	5,940,000	6,972,357	7,381,122	7,381,122	8,892,317
HIGH NEEDS BLOCK							
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
Adjustments:	694,600	694,600		694,600			
Additional Funding	284,000	284,000		284,000			350,000
Transfer Funding from EYB	10,000	10,000		10,000			
Transfer Funding from SB	848,000	848,000		848,000			
Unallocated funding from EY block		158,059					
Remove NMSS		-1,960,000					
Baseline submitted		19,135,213					
Add: Post 16 Transfer		570,000					
In Year Allocation	20,937,154			20,937,154	19,710,000	19,710,000	20,060,000
ADD/SUBTRACT Carry Forward from Previous Yr	-635,800			-635,800	-£591,650	-£591,650	-£446,570
Total High Needs Block	20,301,354	19,705,213	19,710,000	20,301,354	19,118,350	19,118,350	19,613,430
TOTAL In YEAR DSG FUNDING	123,567,811			123,264,229	123,690,180	124,638,138	125,986,218
TOTAL Carry Forward from Previous Yr	£252,816			£252,816	-£938,210	-£938,210	-£493,130
TOTAL DSG FUNDING AVAILABLE	123,820,627	121,894,963	121,902,498	123,517,045	122,751,970	123,699,928	125,493,088