

## Report to Schools Forum Funding Group

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**Title:** Dedicated Schools Grant 2017-18

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**Schools affected:** All new schools

### DSG funding 2017-18

#### 1. Purpose of this report

- 1.1. The continuing pressure on High Need Block activity caused by growth in demand presents a significant funding pressure in the Dedicated Schools Grant (DSG) budget proposals for 2017/18. The best estimates at this early stage are a pressure of over £6m.
- 1.2. Until further information from the Department of Education (DfE) is provided (expected min December) it is not possible to confirm the net pressure the Schools Forum and Local Authority (LA) have to consider.
- 1.3. The Schools Forum is therefore being asked to consider the principles rather than the specifics of funding proposals at this stage, in order to help budget proposals to be confirmed before the Schools Forum meeting in January.
- 1.4. Due to the uncertainties in data, funding and rules; for this report the DSG budgets for 2016/17 have been assumed and activity from 2016/17 used as the baseline.
- 1.5. As reported to Schools Forum in October 2016 there is a significant pressure on high needs block spending caused by increasing demand for services. Schools Forum supported proposals to manage this (c. £3m) pressure in 2016/17 by allowing non recurrent funding to offset this.
- 1.6. The estimate of growth in high needs activity (c. £3m per year extra) was also shared with the Schools Forum and lead to an assumed gap between 2016/17 high needs budgets and 2017/18 forecast spend of over £6m.
- 1.7. Schools and early years activity has been assumed to be the same as 2016/17 to give consistency.
- 1.8. Ideas for how any pressure might be mitigated are included in this report for Schools Forum to consider and comment on.

#### 2. Background

- 2.1. Under the proposals for a national funding formula, delayed by (at least) one year schools would eventually be funded on the same formula regardless of where they are and the funding provided by the DfE would be ring-fenced to ensure that this was (in effect) passed to schools. Detailed proposals have yet to be announced and the proposals may differ significantly from the current formula agreed in Buckinghamshire.
- 2.2. Any changes in the school funding formula will create turbulence in funding for individual schools from year to year. Individual schools' funding changes are protected by the

Minimum Funding Guarantee (MFG) which limits per pupil decreases in funding to 1.5% from year to year. In 2017/18 the DfE have clarified that the 1.5% MFG rule remains. Schools who gain funding per pupil may also be subject to a cap on gains. In 2016/17 the Buckinghamshire formula had a 2.0% cap on gains. Capping partially offsets the cost of MFG protection.

### 3. Education Services Grant

3.1. Due to uncertainties at this stage about responsibility and funding this report will not consider ESG and for modelling purposes we have assumed no change at this stage. As updates are provided, further papers will address this.

### 4. 2017/18 draft budgets

4.1. A summary of the budgets is set out in the table below and a full breakdown is contained in Appendix 1.

Area	2016/17 agreed budget	2017/18 draft budget	Difference	Explanation
DSG Grant income	(£397.8m)	(£398.4m)	(£0.6m)-	Assumes same data and funding rates. £0.6m extra income is for a post 16 technical change matched by increase in high needs
Licenses	£0.4m	£0.4m	-	Top-sliced from DSG based on license charges set by EFA. Minor increase expected.
Schools ISB (before de-delegation)	£290.2m	£290.2m	-	Assumes same data as rates in formula.
High Needs	£74.3m	£80.9m	£6.6m+	Projected base pressure in 2016/17 is £3m plus c £3m growth in 2017/18 plus £0.6m technical change (which EFA will fund through an increase in DSG)
Early Years	£24.7m	£24.7m	-	Assumes same data.
Growth Fund	£1.4m	£2.1m	£0.7m+	Increase due to growth in school demand overall. This assumes growing schools proposal is agreed.
Capital contribution	£1.65m	£1.65m	-	Last year of this. Has been redirected to cover high needs pressures in 2016/17
Other central spend	£5.2m	£4.9m	(£0.3m)-	Reduction in non-SEND high needs support.
<b>Net</b>	<b>£0m</b>	<b>£6.4m</b>	<b>£6.4M</b>	<b>Pressure due to high needs growth beyond budgets.</b>

### 5. Options to offset pressures

5.1. The steer from the Schools Forum Funding Group was to look at all areas sharing the challenge in balancing budgets, caused by high needs demand growth. The list below is not exhaustive and Schools Forum is welcome to suggest other areas to be considered.

#### Ideas to be considered

Area	Idea	Possible impact	Appendix 1 ref
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Area	Idea	Possible impact	Appendix 1 ref
A. Special schools funding	Reduce all top up values to deliver savings (Special schools changes also limited overall by 1.5% MFG)	c. £0.4m reduction in funding	H22
B. Reduce ARP funding	Reduce PRU funding top ups to generate saving of 1.5% (not protected by MFG in same was as schools)	c. £75k reduction in funding	H1
C. Reduce PRU funding	Reduce PRU funding top ups to generate saving of 1.5% (not protected by MFG in same was as schools)	c. £75k reduction in funding	H14
D. Early years inclusion fund	Use "inclusion fund" proposals within early years to cover the early years high needs block	c. £0.5m transfer from high needs to early years	H26
E. Schools ISB	Reduce all pupil-led factors by 1.5% and reduce capping to 0.5% All schools receive 1.5% per pupil less whether in MFG, capped or neither compared to 2016/17.	c. £3.4m reduction.	See Appendix 2.
F. Growth Fund	Forum does not have to agree the extension to growing schools covered in a separate paper. Schools forum could also reduce growth fund to AWPU only.	£270k if not agreeing extension for growing schools. £140k extra if reducing growth fund to AWPU only.	G1
G. High needs block funding	Manage high needs growth funding within existing budget	c. £200k if this has to stay within existing budgets	H25
H. Reduce BASL funding	Efficiencies in delivery could be found from the £115k budget.	c. £35k	C2

5.2. This is not exhaustive and other options can be modelled. The Forum has the ability to agree some budget lines, but the implications on services funded must be considered.

5.3. Equality impact assessments of these ideas have not been undertaken and Government policies may also impact. Until the picture is completely clear detailed Equality Impact Assessments would add little value.

## 6. Recommendations

6.1. That Schools Forum considers the potential options to manage DSG spend within the overall budget available in 2017/18 and gives in principle views to the LA at the November meeting.

## Appendix 1 DSG Draft budgets by line

### High Needs

Ref	Activity	2016-17 budget (before recoupment)	Proposed 2017-18 budget	2017-18 Budget change v 2016-17 budget
H1	Additional Resourced Units	£4,780,306	£4,761,000	-£19,306
H2	Alternative Provision	£431,483	£431,000	-£483
H3	BLT - Specialist Teaching Service	£2,219,251	£2,057,000	-£162,251
H4	Early Years EHC Plans	£289,702	£290,000	£298
H5	Educating Children in Public Care (ECPC)	£717,314	£717,000	-£314
H6	Education Psychology	£681,710	£682,000	£290
H7	Educational Equipment	£241,879	£250,000	£8,121
H8	Independent Schools	£13,037,848	£15,219,000	£2,181,152
H9	Kiteridge specialist boarding PRU for 11-19 year olds	£1,088,787	£1,087,000	-£1,787
H10	Other Support	£662,237	£662,000	-£237
H11	Portage	£189,700	£190,000	£300
H12	Post-16 High Needs	£3,943,080	£5,825,000	£1,881,920
H13	PRU place funding	£2,380,000	£2,380,000	£0
H14	PRUs & EOTAS	£2,564,236	£2,564,000	-£236
H15	Recoupment	£2,272,000	£2,546,000	£274,000
H16	Re-integration	£361,698	£362,000	£302
H17	Schools EHC Plans	£5,124,306	£5,381,000	£256,694
H18	Schools Inadequate Notional	£167,755	£150,000	-£17,755
H19	Schools post-16 £6k for EHC Plans	£324,000	£324,000	£0
H20	Special Schools - Place	£13,324,167	£14,610,000	£1,285,833
H21	Chiltern Way Academy project	£300,000	£426,000	£126,000
H22	Special Schools - top up	£13,539,198	£14,427,000	£887,802

<b>H23</b>	Therapies	£1,729,712	£1,481,000	<b>-£248,712</b>
<b>H24</b>	Vulnerable children attainment intervention	£965,748	£935,000	<b>-£30,748</b>
<b>H25</b>	High Needs Block Funding Schools	£500,000	£712,000	£212,000
<b>H26</b>	High Needs Block Funding Early Years (early years inclusion fund)	£477,747	£478,000	£253
<b>H27</b>	High Needs overheads	£1,967,691	£1,968,000	£309
		<b>£74,281,554</b>	<b>£80,915,000</b>	<b>£6,633,446</b>

### Early Years

Ref	Activity	2016-17 budget (before recoupment)	Proposed 2017-18 budget	2017-18 Budget change v 2016-17 budget
<b>E1</b>	Early Years - 2 year old	£3,285,719	£3,286,000	£281
<b>E2</b>	Early Years - 3 and 4 year old	£15,214,276	£15,214,000	<b>-£276</b>
<b>E3</b>	Early years data and information	£133,912	£147,000	£13,088
<b>E4</b>	Early Years Central - Childcare training grants	£253,825	£250,000	<b>-£3,825</b>
<b>E5</b>	Early Years Central - Sufficiency and Sustainability	£869,586	£870,000	£414
<b>E6</b>	Early Years in Schools / Maintained nurseries	£4,902,650	£4,903,000	£350
<b>E7</b>	Early years Overheads	£34,212	£34,000	<b>-£212</b>
		<b>£24,694,180</b>	<b>£24,704,000</b>	<b>£9,820</b>

### Growth fund

Ref	Activity	2016-17 budget (before recoupment)	Proposed 2017-18 budget	2017-18 Budget change v 2016-17 budget
<b>G1</b>	Growth Fund	£1,438,511	£1,885,551	£447,040
<b>G2</b>	Falling rolls fund	£0	£200,000	£200,000
		<b>£1,438,511</b>	<b>£2,085,551</b>	<b>£647,040</b>

## Other central funds

Ref	Activity	2016-17 budget (before recoupment)	Proposed 2017-18 budget	2017-18 Budget change v 2016-17 budget
<b>C1</b>	Admissions	£923,792	£890,000	<b>-£33,792</b>
<b>C2</b>	BASL	£114,750	£115,000	£250
<b>C3</b>	Bucks Learning Trust - Contribution to Combined	£2,196,961	£2,197,000	£39
<b>C4</b>	Capital contribution	£1,650,000	£1,650,000	£0
<b>C5</b>	Independent Schools - non SEN	£585,746	£250,000	<b>-£335,746</b>
<b>C6</b>	Management of Schools Forum	£1,960	£2,000	£40
<b>C7</b>	Practical Learning Opportunities	£224,438	£224,000	<b>-£438</b>
<b>C8</b>	Raising Participation Age	£138,980	£139,000	£20
<b>C9</b>	Safeguarding in Education	£210,169	£210,000	<b>-£169</b>
<b>C10</b>	Schools PRC	£261,591	£317,000	£55,409
<b>C11</b>	Legal (Admissions Appeals)	£318,957	£319,000	£43
<b>C12</b>	Central overheads	£230,098	£230,000	<b>-£98</b>
		<b>£6,857,442</b>	<b>£6,543,000</b>	<b>-£314,442</b>

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## Appendix 2 Schools Funding Formula models

	2016/17	2017/18	Difference	Difference %	2017/18 (-1.5%)	Difference £	Difference %	2017/18 (-2%)	Difference £	Difference %
AWPU	£226,440,117.67	£226,440,117.67	£0.00	0.00%	£223,043,516.00	-£3,396,601.67	-1.50%	£221,911,315.00	-£4,528,802.67	-2.00%
FSM	£4,175,621.19	£4,175,621.19	£0.00	0.00%	£4,112,987.00	-£62,634.19	-1.50%	£4,092,109.00	-£83,512.19	-2.00%
Deprivation	£2,899,480.27	£2,883,194.86	-£16,285.41	-0.56%	£2,903,859.14	£4,378.87	0.15%	£2,889,274.70	-£10,205.57	-0.35%
LAC	£139,301.38	£139,301.38	£0.00	0.00%	£137,212.00	-£2,089.38	-1.50%	£136,515.00	-£2,786.38	-2.00%
EAL	£2,515,708.25	£2,515,708.25	£0.00	0.00%	£2,477,973.00	-£37,735.25	-1.50%	£2,465,394.00	-£50,314.25	-2.00%
Mobility	£213,419.15	£213,419.15	£0.00	0.00%	£210,218.00	-£3,201.15	-1.50%	£209,151.00	-£4,268.15	-2.00%
Prior Attainment	£17,863,987.52	£17,866,297.27	£2,309.75	0.01%	£17,598,303.10	-£265,684.42	-1.49%	£17,508,971.75	-£355,015.77	-1.99%
Lump Sum	£27,681,600.00	£27,681,600.00	£0.00	0.00%	£27,681,600.00	£0.00	0.00%	£27,681,600.00	£0.00	0.00%
Fringe	£1,382,410.02	£1,382,423.59	£13.57	0.00%	£1,364,194.82	-£18,215.20	-1.32%	£1,357,982.62	-£24,427.40	-1.77%
Split Site	£32,000.00	£32,000.00	£0.00	0.00%	£32,000.00	£0.00	0.00%	£32,000.00	£0.00	0.00%
Rates	£3,107,759.58	£3,107,759.58	£0.00	0.00%	£3,107,759.58	£0.00	0.00%	£3,107,759.58	£0.00	0.00%
Exceptional	£81,386.00	£81,386.00	£0.00	0.00%	£81,386.00	£0.00	0.00%	£81,386.00	£0.00	0.00%
MFG	£3,327,599.87	£2,615,963.09	-£711,636.78	-21.39%	£3,756,508.39	£428,908.52	12.89%	£4,780,236.28	£1,452,636.41	43.65%
Total	£289,860,390.90	£289,134,792.03	-£725,598.88	-0.25%	£286,507,517.04	-£3,352,873.87	-1.16%	£286,253,694.94	-£3,606,695.96	-1.24%
No. of Schools on MFG	101	66	-35		106	5		198	97	
No. of Schools on MFG (Cap)	24	5	-19		5	-19		5	-19	
2016/17	As submitted to the DFE (Excluding rates adjustments pre 16/17) (Cap 2%)									
2017/18	Based on 16/17 Rates and 16/17 Data (Cap 2%)									
2017/18 (-1.5%)	Same as V1 plus all factor pots reduced by 1.5% (Excluding Lump Sum, Rates, Split Site & Exceptional) (Cap 0.5%)									
2017/18 (-2%)	Same as V1 plus all factor pots reduced by 2.0% (Excluding Lump Sum, Rates, Split Site & Exceptional) (Cap 0.0%)									