

**Title:** Central Schools Services Budgets

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**Schools affected:** All schools

### 1. Purpose of this report

1.1. This report sets out the proposals for the central schools services block budgets for 2018/19.

### 2. Background

2.1. The Council is required to consult with Schools Forum on the proposals for central schools services block.

2.2. The Department for Education (DfE) has created a new block called Central Schools Services Block which includes activities previously included in the Schools Block (Ex ESG funding and Licenses).

2.3. In 2017/18 the Schools Forum agreed to the transfer of £15/pupil to the Council to cover the loss of Education Services Grant funded services that benefit all schools. (Dedelegation proposals set out in a separate paper cover activities that benefit only maintained schools).

2.4. The DfE is moving to a formula based on per pupil allocations, plus a smaller amount related to deprivation. The amount of central funding is reducing by 2.5% per pupil per year until 20120/21 when the amounts are expected to drop to the reduced per pupil funding in full.

2.5. Central schools services block comprises two parts;

2.5.1. Ongoing functions –based on the formula per pupil

2.5.2. Historical commitments –based on evidence of ongoing commitments.

2.6. The DfE requested information on both of these in 2017 as part of their baselining for 2018/19. In this baselining exercise the DfE appears to have underfunded Buckinghamshire by c £0.7m. The Council is disputing this with the DfE.

2.7. The Council had identified over £400k of efficiencies necessary to manage the budgets within the reduced block allocations but had not allowed for this baselining issue.

2.8. If the baselining issues are not resolved satisfactorily the Council will need to use the Dedicated Schools Grant reserve to offset these pressures. There is c £1m in reserve and this was intended to support high needs budget pressures.

### 3. Recommendations

**3.1. That the Schools Forum notes the budgets for the central schools services block and the pressure on these and provides support if needed in challenging the budgets with the DfE.**

**3.2. That the Schools Forum agree the use of £0.411m of DSG reserve to balance the 2018/19 central schools services block if the DfE do not resolve the baselining issue.**

### **3.3. To support the budget proposals in this report.**

## **4. Detailed proposals**

- 4.1. The detailed budget proposals and best estimate of funding allocations from the DfE are set out in **Appendix 1**. These will change slightly with pupil changes but the final allocations will not be known until December 2017.
- 4.2. The detailed budget proposals highlight the efficiencies made and the use of DSG reserve if funding baselining issues are not resolved satisfactorily. If the DfE adjusts the baseline as the Council would hope, c £750k of additional funding would be provided in 2018/19. This would leave c £0.4m of funding available to support the further downward transition in funding over the next three years.
- 4.3. The final expected allocation for ongoing central support is c £2.432m per annum (Based on 72,325 pupils @ £28.84 +11% area cost adjustment PLUS (9,444 Free school meal (ever 6) pupils @ £11.99 +11% area cost adjustment). This is £1.1m less than the funding in 2017/18.
- 4.4. The funding per pupil is reducing by 2.5% per annum until 2020/21 when the full formula will be in place. It is assumed that there will be no further transitional protection at that point.
- 4.5. The Council cannot manage the services provided without significant reductions in the budgets of the activities funded. These will have to be considered by the Council through their Medium term Financial Planning Process. Significant reductions have already been delivered in legal admissions from a change in arrangements and the final non-SEND pupil with a contribution from DSG has now left.
- 4.6. The historical commitments funding is expected to reduce by c £1.7m as the return to the DfE in 2016 clearly stated that capital funding commitments only were in place until 2017/18. The contribution to capital will stop, matched by the reduction expected in historical commitments funding from the DfE.
- 4.7. As a result of the capital commitment being funded by the DfE in 2016/17 and 2017/18 the Council was able to release revenue funding that was held for the capital programme back into schools funding to support pressures especially in high needs budgets. This was reported to Schools Forum in 2017 and Forum supported this. It is this funding that has c £1m remaining in reserve. This cannot fund both the shortfall in central schools services block and high needs block, if DfE do not agree to correct the baselining position.
- 4.8. If the DfE reduces the historical commitments funding it supports in future years the greatest impact will be on the services provided by Buckinghamshire Learning Trust, which receives the largest share of the historical committeeman's funding. The impact of any reduction would be addressed if this situation arises.
- 4.9. Historical Premature retirement costs are unavoidable for many years and the Council would need to absorb this in future. The services provided by Aspire would also be at risk. These are closely linked to high needs block activity which already has pressures as reported in a separate paper.

## **5. Conclusion**

- 5.1. Managing the central schools services block within the funding allocation is going to be a challenge for the Council made greater by baselining issues. The DfE intention to move to an amount per pupil is reducing funding immediately and will significant impact on future services funded centrally.

## Appendix 1 –detailed budget proposals and best estimates of funding allocations

Budget requirement for central schools services block		Proposed 2017-18 budget	2017-18 forecast	2017-18 variance	2018-19 Proposed budget	Change	Notes
Ex Education Services Grant function	Contribution (£15/pupil) to BCC for ex Education Services grant funded activity.	£1,178,000	£1,178,000	£0	£1,178,000	£0	Minor increase depending on pupil numbers on final census, but should also be reflected on funding side
Licences	Centrally managed licenses on behalf of all schools. Increase to allow for growth in pupils and inflationary uplift in charges	£397,000	£397,000	£0	£397,000	£0	assume no increase, but DfE will not advise until Dec 2017
Admissions	Staffing to deal with Admissions process	£890,000	£890,000	£0	£890,000	£0	
BASL & TSA	Last year £60k went to Wycombe high school for teaching talent and £55k went to BLT. BLT now get sponsorship for annual conference	£85,000	£85,000	£0	£85,000	£0	Reduced in 2017.18 to £85k total
Independent Schools - non SEN	Need to set up a separate cost centre for this and move budget	£250,000	£0	£-250,000	£0	£-250,000	all children previously funded have left.
Management of Schools Forum	cost of room hire and F40 annual fee. Room hire is a top slice included in other lines as is democratic services support	£2,000	£2,000	£0	£2,000	£0	
Safeguarding in Education	Staffing to train teachers / governors and ensure schools are complying	£210,000	£215,000	£5,000	£210,000	£0	minor inflation re cost increases
Legal (Admissions Appeals)	Legal costs associated with admission appeals	£319,000	£119,000	£-200,000	£119,000	£-200,000	Reduced due to change in legal arrangements/ in house work prior to legal
Central overheads	Contribution to overheads of council relating to activities supporting DSG	£230,000	£264,000	£34,000	£264,000	£34,000	no change. If there is a pressure on this budget BCC will have to cover it.
DSG reserve	Contribution from DSG reserve	£0	£0	£0	£-363,325	£-363,325	Need to use DSG reserves unless win argument with DfE about incorrect baseline
Funding from DfE	Funding for ongoing functions (draft allocation from DfE)	£-3,561,000	£-3,561,000	£0	£-2,781,675	£779,325	DfE imposed efficiency savings plus baselining issue being challenged by BCC. 77,325 pupils @ £38.46 per pupil (2.5% reduction)
<b>Net ongoing functions</b>		<b>£0</b>	<b>£-411,000</b>	<b>£-411,000</b>	<b>£0</b>	<b>£0</b>	
<b>Budget requirement for historic commitments</b>							
Bucks Learning Trust - Contribution to Combined	Contribution to BLT for range of overheads and wider support to all schools	£2,311,000	£2,311,000	£0	£2,311,000	£0	
Capital contribution	Council contributed £1.7m to DSG services in lieu of contribution from DSG to capital schemes. This was ring-fenced to High Needs budget pressures	£1,708,000	£1,708,000	£0	£0	£-1,708,000	£0.7m needed to balance the pressure on high needs in 2017/18 and £1m added to DSG reserve for future pressures on high needs. Non recurrent. Matched by reduction by DfE in funding of historic commitments
Practical Learning Opportunities	Subsidy of cost to send pupils at risk of exclusion to PRU. Service provided by ASPIRE	£224,000	£224,000	£0	£224,000	£0	
Raising Participation Age	Service provided by ASPIRE	£139,000	£139,000	£0	£139,000	£0	
Schools PRC	Historic pension costs which get inflated each year	£271,000	£320,000	£49,000	£320,000	£49,000	pressure due to pension revaluations etc., but cannot increase in operational guidance
Rounding	rounding of figures	£1,000	£0	£-1,000	£0	£-1,000	
DSG reserve	Contribution from DSG reserve	£0	£-48,000	£-48,000	£-48,000	£-48,000	Drawdown from DSG reserve created by BCC passing back £1.7m of revenue funding it would have put into the Capital Programme of Historic commitment funding from DfE had not been agreed
Funding from DfE	Historic commitments funding baseline	£-4,654,000	£-4,654,000	£0	£-2,946,000	£1,708,000	Expect that DfE will not fund the capital contribution as this was stated as ending in 2017/18.
<b>Net historical commitment</b>		<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
total funding expected from DfE		£-8,215,000	£-8,215,000	£0	£-5,727,675	£2,487,325	
total spend proposals by BCC excluding DSG reserve use		£8,215,000	£7,852,000	£-363,000	£6,139,000	£-2,076,000	
DSG reserve use		£0	£-48,000	£-48,000	£-411,325	£-411,325	