

Buckinghamshire County Council's response to the DfE Dedicated Schools Grant (DSG) Consultation

Clarifying the specific grant and ring-fenced status of the Dedicated Schools Grant.

Response date by: 15 November 2019

Q1. Do you agree that we should change the conditions of grant so that future arrangements for dealing with DSG overspends are worded as follows: The local authority must carry forward the whole of the overspend to the schools budget in future years. The local authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.

Response – Yes

Q1. Further comments –

We would agree with this but with a number of caveats.

The proposal for management of deficits from within the schools budget is only workable if it sits within a sustainable funding formula for High Needs. If this is not the case then there is the potential for significant deficits being held within DSG and for performance and quality to suffer as councils look to develop recovery plans within the high needs block. The high needs block is spent on direct support for pupils and councils need to be able to invest in early intervention in order to reduce overall spend in the longer term.

Buckinghamshire County Council already has a policy of not topping up DSG from the General Fund. The council does not have a deficit against DSG at this time however, like other LAs we are experiencing significant pressures against the High Needs Block and a reducing level of DSG balances. We would have concerns that any deficit carried forward within the schools budget will be difficult to recover from within the overall schools budget because of the pressures on the High Needs Block and restrictions on the other DSG blocks limiting what could be utilised to support any deficit.

The current funding formula for High Needs does not reflect increases in demand or complexity of need and in conjunction with the national review of SEND it will be necessary to build a sustainable funding mechanism for the High Needs block to support increasing need and the development of early intervention. The proposal for management of deficits from within the schools budget is only workable if it sits within a sustainable funding formula for High Needs.

Q2. Do you agree that we should delete regulations 8(6) and 8(10) from the new School and Early Years Finance (England) Regulations for the financial year 2020-21, so that local authorities are able to carry forward any DSG overspend to the schools budget in future years as the new conditions of grant will require?

Response – Yes

Further comments –

This proposal removes the requirement for Schools Forum's consent to carry forward and overspend within the overall schools budget. If Proposal 1 is agreed then this proposal is necessary.

Q3. Do you agree that the proposed new conditions of grant and regulations will establish clearly that local authorities will not be required to cover any DSG deficit from general funds?

Response –No

Further comments –

In line with the response to Question 1 we would be concerned that LAs would be carrying forward unsustainable levels of deficit with no scope for recovery from within the schools budget. Local authorities would need confirmation that external auditors would not require them to offset those deficits from general fund reserves.

The risk would be that the financial resilience of many authorities will worsen and there is the potential for more authorities to get into major financial difficulty through having to manage increasing deficits against the schools budget. We would therefore re-emphasise our view that the proposal for management of deficits from within the schools budget is only workable if it sits within a sustainable funding formula for High Needs.