

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	31st Jan 2017	AGENDA ITEM:	1
Title:	DSG 2017-18 Settlement and Strategy for Managing DSG in Future Years		
Responsible officer:	Kevin McDaniel, Head of Education and Schools		
Contact officer:	Phil Herd	Tel:	01628 794632
	Temporary Lead Accountant	E-mail	Phil.herd@rbwm.gov.uk

1 SUMMARY

- 1.1 This paper summarises RBWM's 2017-18 DSG allocation and sets out proposals for managing the DSG for the next two years.

2 RECOMMENDATIONS

Schools Forum is asked to note

- 2.1 The final 2017-18 funding settlement as summarised in the tables shown in 3
- 2.2 Monitoring the DSG strategy will be a standing item for future forum meetings.

Schools Forum is asked to endorse

- i) The overall DSG strategy described in section 4
- i) The required high needs block savings in principle. To support the idea that a working group be formed to set out detailed measures by which the required savings can be made.

Schools Forum is asked to approve:-

- i) The retention of headroom to support the high needs block
- ii) A reduction in AWPU of 0.5% to support high needs pressures. It is intended that this is initially paid into a specific DSG reserve and only called upon if required and with forum approval.
- iii) The increased early year's retention to support high needs.
- iv) The carry forward of the DSG Deficit

3 DSG FUNDING FOR 2017-18

- 3.1 The arrangements for the 17-18 DSG allocation were covered in detail at Octobers Forum. The DFE made the final announcement on 20th December 2016 and the DSG for 17-18 is now £109.776. The main un expected difference is an additional allocation of £390k into the high needs block. The DFE distributed an additional £35m nationally on the basis of population growth, into the high needs block.

	Pupil	Funding rate	Allocation
	Numbers	£	£m
Schools Block	18,816	4,421.73	83.200
High Needs Block			16.909
Early Years Block – 3&4 y.o.	1.610	4,750.00	7.647
- 2 yo & other			2.020
Total DSG 2017-18			109.776

- 3.2 The DSG will change during the year as a result of changes to the early years census and the implications will be reported to future schools forum meetings . The movements in the DSG from 2016-17 to 2017-18 and the associated budgetary pressures are shown below.

	Schools Block	Early Years	High Needs	Total
	£m	£m	£m	£m
2016-17	82.258	7.379	15.327	104.964
Impact of rebase	-1.119	-0.065	1.184	
Sub Total	81.139	7.314	16.511	104.964
2017-18 Allocation	83.200	9.667	16.909	109.776
Increase	2.061	2.353	0.398	4.812

3.3 The DSG Budgetary requirements, matched against the grant increases are summarised as follows:-

	Increase in Grant £m	Pressures £m	Contribution to Pressures £m
Schools Block	2,061		
Increase School Budgets		1,049	
ESG Retained Duties		315	
Increase in Growth Fund		150	
Sub Total Schools	2,061	1,514	547
Early Years Block	2,353		
Increase in 3&4 yo EYNFF		1,578	
Increase 2 yo Funding		36	
Nursery School Protection		210	
SEN Inclusion Fund		160	
EYPP Investment Programme		40	
Disability Access Fund		20	
Sub Total Early Years	2,353	2,044	309
High Needs Block	398		
2016-17 Continuing Pressures		1,250	
2017-18 New Pressures		800	
2017-18 Savings		-900	
Sub Total High Needs Block	398	1,150	-752
Other Budget Changes			
Saving SEN Consortium		-75	
Minor Changes		-21	
Sub Total Budget Changes		-96	96
Grand Total	4,812	4,612	200

3.4 The table in 3.4 illustrates that there is potentially £547k available headroom within the schools block, opposed to the £300k, suggested on 13th December 2016. This is because the numbers of pupil attracting prior attainment funding have fallen, which could not have been anticipated. In addition to this the high needs block has increased by £398k, which is due mainly to an additional allocation based upon population growth. This is now included in the base allocation for high needs, but a new formula allocation is to be introduced from April 2018.

3.5 The above movements are favourable and do release some pressure on the DSG. However the DFE have now released draft proposals for the re-distribution of high needs funding. The indicative figures show that RBWM could lose £2.3m if this formula were implemented in full. This is not yet built into the strategy because the proposals have to be finalised. It is

something that will have to be included in the future and may result in the high needs block savings having to increase.

4. DSG STRATEGY FOR MANAGING BUDGETARY PRESSURES

4.1 There are a number of significant requirements within the High Needs Block of the DSG which mean that the overall DSG will go into deficit as at March 2017. A working group of forum members were consulted on 13th Dec about the possible options that could be implemented in order to balance the DSG over the next 2 or 3 financial years.

4.2 If all the DSG grant increases were passported to the relevant sectors, the impact these requirements would have on the DSG can be summarised below:-

	2016-17	2017-18	2018-19
	£m	£m	£m
DSG Deficit		0.950	3.000
High Needs Overspend	1.250	1.250	1.250
One Off Savings	-0.300		
Continuing HNB Requirements		0.800	1.600
Deficit c/f	0.950	3.000	5.850

4.5 These requirements must be managed by taking savings within early years, schools and or high needs blocks. The implications, opportunities and risks associated with such savings are described in the attached annexes relating to each block.

4.6 The issues and some possible solutions were discussed at length with a working group of forum members on 13th December 2016. The general consensus was that high needs budgets have to be more tightly managed which means pupils only being placed in specialist provision when absolutely necessary. Members therefore requested an analysis of the most expensive HNB spend to discuss alternatives both now and in the future. A breakdown of expenditure compared to budget is given in the high needs annexe.

4.7 RBWM is proposing a 2 year deficit reduction programme in light of prospective NFF changes and the availability of additional headroom going into 2017/18. 3 Years is an option however if the Government does continue to allow local flexibility between blocks as set out in the NFF consultation.

4.8 Potential options to manage the pressures within each block are explained in detail in the attached annexes :-

Annexe 1 High Needs Block

Annexe 2 Schools Block

Annexe 3 Early Years Block

4.9 The high needs block will be subject to challenging savings targets over the next 2 years, but this will not be sufficient alone to bring the DSG into balance by 31st March 2019. The strategy for managing the DSG is therefore proposed as follows:-

- i) Making savings in the high needs block totalling £1.8m which will focus on keeping more young people in local mainstream provision

- ii) Use of School Block Headroom
- iii) AWPU reduction of 0.5% to fund a DSG reserve.
- iv) Use of Early Years retention monies.

4.11 The availability of additional headroom changes this and a possible revised strategy could be summarised as follows:-

	2016-17	2017-18	2018-19
	£k	£k	£k
Deficit b/f		950	616
HNB Overspend	1,250		
One Off Savings	-300		
HNB 16-17 Requirements		1,250	1,250
HNB 17-18 Requirements		800	800
HNB 18-19 Requirements			800
HNB Additional Allocation		-398	-398
HNB Target Savings 17-18		-900	-900
HNB Target Savings 18-19			-900
HNB Sub Total	950	752	652
Reduction in AWPU		-230	-230
Schools Block Headroom		-300	-300
Additional Headroom		-247	-247
Schools Block Sub Total	0	-777	-777
Early Years Central Retention		-309	-309
EY Central Retention 18 19			-182
Deficit c/f	950	616	0

- 4..12 The impact on each block is described in the relevant annexes. The main differences are that high needs block savings are reduced to recognise that future funding may be reduced as a result of the DFE national formula. It should be possible to clear the deficit by 31st March 2019,
- 4.13 The main risk to the strategy is the success of the savings programme within the high needs block. The suggested savings on high needs are high level at this point and these need to be firmed up at the next forum meeting. Forum are asked to endorse that a working group is established in order to implement this.
- 4.14 It is important that this strategy is monitored on a regular basis and that members are regularly informed of progress. It is therefore suggested that monitoring the DSG strategy is a standing item for each future forum meeting.

ANNEX 1

HIGH NEEDS BLOCK ANNEX

The pressures within the High Needs Block arise from increasing numbers of pupils requiring EHCP's. This is as a result of the Children and Families Act 2014 and the increasing numbers requiring support post 16.

NCY	Age	Sept 2015	Sept 2016	Teacher Group Change	Cohort Change
18	23	0	3	3	1
17	22	2	3	1	1
16	21	2	10	8	1
15	20	9	19	10	1
14	19	18	38	20	1
13	18	37	62	25	3
12	17	59	77	18	4
11	16	73	83	10	3
10	15	80	71	-9	7
9	14	64	61	-3	6
8	13	55	58	3	2
7	12	56	65	9	8
6	11	57	60	3	9
5	10	51	42	-9	6
4	9	36	56	20	4
3	8	52	36	-16	9
2	7	27	43	16	9
1	6	34	34	0	14
0	5	20	13	-7	11
-1	4	2	4	2	4
-2	3	0	1	1	1
Total		734	839	105	105

The table shows that numbers are increasing within every year group.

A summary of the high needs budgets are shown as follows:-

SEN Group	2015-16	2016-17	2016-17	2016-17
	Outturn	Budget	Projection	Overspend
	£k	£k	£k	£k
Mainstream Schools Top Ups	1,897	1,823	1,420	(403)
Special Schools and RP Places	2,771	2,771	2,771	0
Special Schools and RP Top Ups	3,396	3,577	3,459	(118)
Forest Bridge Top Ups	0	392	593	202
Ind and NMSS Schools Top Ups	5,663	5,044	6,326	1,282
SEN Support Services	1,050	1,033	1,195	162
Alternative Provision	2,111	2,147	2,273	126
Totals	16,888	16,787	18,037	1,250

ANNEX 1

The table below illustrates how a strategy maybe implemented. The columns show the SEN services where the savings will be introduced, which align to the previous table. The rows are a description of the individual plans that will be introduced in order to ensure the savings occur.

A reduction in top ups would involve applying a percentage reduction to all top ups in relation to RBWM schools, including the special school. The new matrix model will be applied as normal but the agreed % cut would be deducted for all payments.

The High Needs Funding Review relates to the recent review which is a later agenda item. This review proposed an equitable methodology for deciding on the appropriate level of top up funding for individuals who meet the criteria for additional high needs funding. Although not implemented for the purpose of reducing costs, it will provide a clear process for triggering additional funding leading to greater consistency across all schools. This stand should be considered in hand with the proposed universal % reduction in top up payments.

Alternative provision is a mix of statutory provision (PRU) for permanently excluded and vulnerable medical; hard to place; and those pupils at risk of missing education. It is proposed to clearly delineate PRU costs for and to establish a clear process for other access to AP funds in line with the strategy to retain young people in local mainstream provision via the early help hub services.

Each SEN service will be asked to take part in a review of the service impact of savings before Easter and to bring final proposals to be implemented for the new academic year.

Improved commissioning would involve implementing a specific project to review all specialist payments. Using an invest to save methodology, each placement would be formally reviewed over time, specifically looking at costs, value for money and appropriateness. Note – this is in addition to the normal individual annual review of each EHCP.

The DFE have announced that each Local Authority should implement and publish a strategy for their high needs provision. To enable this to happen the DFE are distributing £23m nationally and RBWM's share of this is £66k.

ANNEX 1

Implementing These Proposals

Funding Forum are asked to approve or make amendments to the matrix below. Any amendments must total £1.8m by the end of March 2019.

Year	Mainstream School Top Ups	Special School and RP Top Ups	Forest Bridge Top Ups	Indep and NMSS Schools	Sen Support Services	Alternative Provision	Totals
2017-18	£k	£k	£k	£k	£k	£k	£k
Reduction in Top Ups	50	50					100
Consultation Review	30	20	20				70
Reorganisation of Alt Provision						100	100
SEN Support Services					100		100
Improved Commissioning		40	50	440			530
Total 2017-18	80	110	70	440	100	100	900
Year 2018-19							
Reduction in Top Ups	50	50					100
Consultation Review	20	20	30				70
Reorganisation of Alt Provision						140	140
SEN Support Services					60		60
Improved Commissioning			30	500			530
Total 2018-19	70	70	60	500	60	140	900
Totals							
Reduction in Top Ups	100	100	0	0	0	0	200
Consultation Review	50	40	50	0	0	0	140
Reorganisation of Alt Provision	0	0	0	0	0	240	240
SEN Support Services	0	0	0	0	160	0	160
Improved Commissioning	0	40	80	940	0	0	1060
Totals	150	180	130	940	160	240	1800

ANNEX 2

SCHOOLS BLOCK ANNEXE

There were 3 options suggested at the working group on 13th December as to how savings could be made within the schools block to help fund high needs pressures.

- i) Withholding headroom
- ii) 0.5% AWPU reduction
- iii) 1% AWPU reduction .

It was stated that these savings would be one off for 2017-18 because the schools block would be ring-fenced from April 2018 onwards. Since the meeting, the DFE have relaxed the rules around the ring-fencing of the blocks and the consultation states:-

- a. As announced in July 2016, there will be no ring-fence on the schools block in 2017-18. Local authorities are able to transfer funding between their schools and high needs budgets. We will monitor this carefully and in March 2017 will collect more information to establish new planned spending baselines on schools and high needs, as explained in paragraph 3.8.
- b. In 2018-19 and subsequent years there will be no restrictions on the transfer of funding between the high needs funding block, the central schools services block and the elements of early years funding that local authorities are allowed to retain for central spending. It will also remain possible for local authorities to transfer funds into their high needs budgets from sources other than their DSG allocation.
- c. Furthermore, in 2018-19 we propose to provide an opportunity for local authorities to transfer funds, from the funding that schools are due to receive through the schools formula, to their high needs budget. To exercise this flexibility, local authorities would have to get the agreement of their schools forum and a majority of primary and/or secondary schools and academies (with transfers confined to the primary and secondary elements of the schools block as agreed by phase). We will review the degree of movement in 2017-18 through a second baseline exercise and, in the light of that, consider whether there should be a limit on transfers in 2018-19, amounting to no more than, say, 2% or 3% of the high needs block allocation. In any case local authorities would continue to be obliged to meet the minimum funding guarantee for mainstream schools.”

This is quoted for information purposes only. The intention is for RBWM to work as closely as possible with schools and agencies to manage the high needs budget from within existing resources.

Withholding Headroom

Pupil numbers have increased in 2017-18 and the DSG funding rate received is higher than that paid out to schools. This results in there being headroom of approximately £300k which should be added to the schools budget.

In addition to this the total of the schools budget is approximately £400k less than anticipated due mainly to lower prior attainment numbers. £150k of this £400k saving will fund the required increase in the growth fund.

ANNEX 2

This means that the amount available for headroom is £547k rather than £300k suggested in December. Given the information above it is also assumed this is ongoing rather than one-off. However proposals are not intended to be taken individually it is the strategy as a whole. If the HNB savings are delivered successfully then more money can be delivered into the schools block.

Reduction in AWPU of 0.5%

The possibility of reducing schools budgets in order to fund high needs pressures, was discussed at the December meeting. Whilst headroom and the high needs allocation have both increased, this remains a proposal due to the possibility of future high needs allocations decreasing. It is intended that the money saved will be invested into a DSG reserve and released when/if required and by reference to a future forum meeting.

The problem with AWPU reductions, is that it does not impact on schools equally because of the MFG calculations.

The impact that a 0.5% reduction will have now is shown below:-

URN	School Name	Pupil Nos	2017-2018 £	0.5% Red £	Difference £
109818	Alwyn Infant School	302	1,145,560	1,141,332	-4,228
109819	Courthouse Junior School	406	1,477,779	1,476,894	-885
109820	Riverside Primary School and Nursery	235	1,051,958	1,051,958	0
109821	Wessex Primary School	405	1,507,768	1,502,098	-5,670
109827	Kings Court First School	217	803,230	800,192	-3,038
109832	Waltham St. Lawrence CP School	101	447,970	447,413	-557
109833	Hilltop First School	218	885,831	885,831	0
109841	Woodlands Park Primary School	155	700,684	699,979	-705
109842	Furze Platt Junior School	364	1,283,196	1,273,475	-9,722
109843	South Ascot Village School	211	831,024	828,392	-2,632
109846	Furze Platt Infant School	268	1,020,461	1,019,564	-897
109856	Cookham Rise Primary School	210	832,905	829,965	-2,940
109873	Homer First School & Nursery	219	885,906	883,477	-2,428
109884	Alexander First School	106	527,384	527,384	0
109888	Oldfield Primary School	366	1,358,131	1,352,053	-6,078
109897	Oakfield First School	287	1,095,697	1,093,968	-1,729
109907	Wraysbury Primary School	390	1,463,539	1,459,681	-3,858
109938	Larchfield Primary School	201	858,132	855,762	-2,370
109951	Bisham C of E Primary	45	273,846	272,602	-1,244
109952	Braywood CE First School	147	586,470	586,470	0
109960	Cookham Dean CE Aided Primary	186	694,787	692,264	-2,523
109961	Holy Trinity CE Primary School	211	781,940	778,986	-2,954
109969	Boyne Hill CE Infant School	180	756,177	756,177	0
109991	All Saints C.of E. Controlled	315	1,232,485	1,228,075	-4,410
109996	Eton Wick C.E. First School	140	599,175	598,419	-756
109997	The Queen Anne RF CE First	147	614,112	613,605	-507
110014	The Royal School	96	440,493	440,493	0
110018	Holy Trinity CE Primary School	229	845,997	845,997	0
110019	St Michael's CE Primary School	210	781,470	778,530	-2,940
110020	Cheapside CE Primary School	109	455,093	453,567	-1,526
110022	Clewer Green CE Aided First School	292	1,088,979	1,085,146	-3,833
110023	Trinity St Stephen CE First	145	602,619	600,589	-2,030
110030	St Edmund Champion Catholic Primary	419	1,455,015	1,449,149	-5,866
110031	St Edward's Catholic First School	284	1,034,336	1,030,113	-4,223
110086	St. Edward's Royal Free Ecumenical Middle	479	1,930,264	1,928,293	-1,971
133580	Churchmead CofE (VA) School	370	2,151,128	2,148,655	-2,473
140494	Braywick Court	107	462,122	462,122	0
142576	Eton Porny C of E First School	130	566,213	563,831	-2,382
142790	Dedworth Green First School	161	713,097	713,097	0
136712	Lowbrook Academy	331	1,131,282	1,126,648	-4,634

URN	School Name	Pupil Nos	2017-2018 £	0.5% Red £	Difference £
142846	Holyport CE Primary School	365	1,286,768	1,281,658	-5,110
141602	Burchetts Green CE Infant Scho	57	344,831	344,831	0
141295	Knowl Hill Church of England P	117	570,890	570,890	0
141601	St Luke's CE Primary School	271	1,138,553	1,138,553	0
138635	White Waltham CofE Academy	206	755,909	753,636	-2,273
139882	St Mary's Catholic Primary Scho	308	1,146,527	1,145,491	-1,036
141818	St. Francis Catholic Primary	210	762,016	759,160	-2,857
137788	Datchet St. Mary's School	227	922,244	919,066	-3,178
141349	St Peter's Church of England Sc	224	984,980	984,980	0
142791	Dedworth Middle School	463	2,016,170	2,012,932	-3,238
138879	Desborough College	605	2,971,572	2,971,572	0
139971	Holyport College	353	1,787,249	1,782,631	-4,618
138823	Chartres School	1,216	5,610,428	5,584,662	-25,766
142357	Newlands Girls School	945	4,409,612	4,389,605	-20,007
141844	The Windsor Boys' School	585	3,075,289	3,063,442	-11,847
141852	Windsor Girls' School	505	2,625,769	2,618,347	-7,422
137740	Furze Platt Senior School	980	4,728,535	4,707,804	-20,731
137695	Cox Green School	823	3,914,105	3,896,757	-17,348
138342	Altwood CE School	460	2,363,949	2,361,071	-2,878
110075	Trevelyan Middle	506	2,095,696	2,087,274	-8,422
	Totals	18,820	80,885,347	80,656,608	-228,740

2018-19 Onwards

This will only release £229k in 2017-18 because of the impact of MFG. This will mean a further £71k will be required in 2018-19. This could probably be found from additional headroom, or other measures rather than a continuation of an AWPU reduction.

This strategy needs to be linked to the DFE final proposals for future funding arrangements which will be implemented from April 2018.

It is the intention to maximise the schools block as much as possible but the high needs pressures have to be managed. It is therefore important that the strategy is closely monitored and reported to members.

EARLY YEARS BLOCK

The details of the Early Years National Funding Formula (EYNFF) are covered in more detail under agenda item 2.

The Early Years Block is increasing by 13.9% in real terms. The DFE have stipulated that 93% of funding must be passed onto providers. (95% in 2018-19) RBWM currently holds 2% of funding for central items.

It is therefore proposed that 7% is held centrally and this would mean that £300k could be used to fund early years SEN services, that are currently paid for by the high needs block.

The 93% and 95% pass through includes provision for an SEN inclusion fund. It is intended that the SEN inclusion fund is funded from the central provision rather than by top slicing the rates paid to providers. RBWM is therefore not holding back the maximum amounts. A summary is shown in the table below:-

	Amount
	£k
EYNFF Mainstream Funding	8,861
Transitional Funding Nursery Schools	210
Total Funding (a)	9,071
Passed onto providers (93%) of £8.861m	8,241
Transitional Funding Nursery Schools	210
Total Funding Passed to Providers (b)	8,451
Central Funding (a) – (b)	620

The central retention will allow for current central spend to be funded, SEN inclusion fund of £150k and fund early years SEN services that are currently funded by the high needs block. The retention monies will also include £40k additional funds to enhance the EYPP allocations for the next 3 years.

The allowable retention for 2018-19 will be 95% and therefore only £250k can be used to assist with high needs pressures. As with the schools block, it will be possible to delegate more funding if the high needs pressures are managed.