

## **Wiltshire Council**

### **Schools Forum**

**12 December 2019**

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#### **DEDICATED SCHOOLS BUDGET Consultations - Update 20-21**

- Schools block De-delegated Budget Consultation
- Transfer of Schools Block to support the High Needs Block Consultation
- DfE Consultation – Clarifying the Specific Grant & Ringfenced Status of the DSG

#### **Purpose of the Report**

1. To update schools forum on the results of Wiltshire's Autumn consultations which will help inform Schools Forum decisions that will need to be made as part of the budget setting process at the January 2020 meeting.
2. To update schools forum on the DfE consultation around future treatment of DSG deficit reserve balances.

#### **Main Considerations**

##### **De-Delegated Consultation Responses**

3. Under the "soft formula" funding for de-delegated services must be allocated through the formula but can then be de-delegated for maintained mainstream primary and secondary schools with schools forum approval. Services to be considered for de-delegation in 2020-21 are:
  - HCSS Software Licence
  - Trade Union Facilities Costs
  - Maternity Costs
  - Ethnic Minority Achievement Service
  - Traveller Education Service
  - Behaviour Support Service
4. Schools forum will consider these proposals alongside other funding factors for 2020-21 at the January 2020 meeting. In order to inform schools forum, maintained school heads were consulted with via a snap survey so that their views could be considered.
5. The question set & results are summarised as Appendix 1 (anonymised.)
6. There were a limited number of results however these were significantly in favour of retaining de delegated services. This data will inform the decision making around the 2020/21 budget which will be taken in January 2020.

## **Transfer of Schools Block to Support the High Needs Block**

7. In January of this year, Schools Forum agreed up to 1% transfer from schools block to support the high needs block which was subsequently approved by the Secretary of State. In order for Schools Forum to consider this in January 2020, views of all schools should be considered. The autumn consultation questions were agreed at the October Schools Forum and was subsequently shared with schools through the Right Choice as a “snap survey” with a deadline of 30<sup>th</sup> November 2019.
8. The covering letter, question set & results are summarised as Appendix 2a & b (anonymised.) A total of 4 primary schools and 5 secondary schools responded in total.
  - Overwhelmingly heads supported removing excess growth from the DfE’s growth fund (100%) where practicable to do so.
  - There was a mixed response over levels of transfer with the majority selecting a transfer of £1.5m (0.545% of total schools block funding) one school selecting the minimum option (£1.0m) and one school selecting the maximum option (£4.5m.)
  - 67% of respondents believe children with EHCPs can be supported with reduced funding, whilst 33% did not.
  - A useful comment was made around alternatives to a per pupil reduction model so that large schools were not penalised which, could mirror the flat rate within the school funding formula.
  - Two schools have volunteered to be part of a working group.
9. This data will inform the decision making around the 2020/21 budget which will be taken in January 2020.

## **The DfE consultation: Clarifying the Specific Grant & Ringfenced Status of the Dedicated Schools Grant**

10. The DfE describe this consultation as “The Department for Education is consulting on changing the conditions and regulations applying to the dedicated schools grant (DSG), to clarify that it is a ring-fenced specific grant, separate from the general funding of local authorities. It will also clarify that local authorities are expected to carry forward any deficits they may have on their DSG accounts, and the deficit does not have to be covered by their general reserves. The government will then make a decision on the proposed changes, in time to inform the setting of local authorities’ budgets for the 2020 to 2021 financial year.”
11. This consultation was published on the 11<sup>th</sup> October, the day following the last Schools Forum meeting and closed on the 15<sup>th</sup> November 2019, prior to this meeting. Therefore, the consultation and local authority response were forwarded to all Schools Forum members for information and action.
12. The consultation questions can be found at Appendix 3.
  - At the end of each financial year, a local authority may have underspent or overspent its DSG allocation. The conditions of grant for the DSG provide that any underspend must be carried forward to the next year’s Schools Budget. To date, the conditions of grant have provided three options for dealing with an overspend:

- the local authority may decide not to fund any of the overspend from its general resources in the year in question, and to carry forward all the overspend to the schools budget in future years
  - the local authority may decide to fund part of the overspend from its general resources in the year in question and carry forward part to the schools budget in future years (This was Wiltshire's choice for 18/19 financial year.)
  - the local authority may decide to fund all of the overspend from its general resources in the year in question
13. DSG is a specific grant, and the conditions of grant make clear that it can only be spent on the Schools Budget, and not on other aspects of local government expenditure. But where there is an overspend on the DSG, local authorities may currently decide to fund that from general resources. This has led some local authority Chief Finance Officers (often referred to as section 151 officers, with reference to section 151 of the Local Government Finance Act 1972) to conclude that if their DSG account is in deficit, they need to be able to cover the deficit from the authority's general reserves. We know that a similar view is held by organisations that audit local authority accounts. Given the size of some authorities' DSG deficits, and the other pressures on authorities' reserves, there is a risk that covering DSG deficits from general funds may lead authorities to make spending reductions in other services that they would not otherwise make.
14. The Government's intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process.
15. The impact of this change has potential to be significant with the proposal that DSG deficit balances held in the local authority balance sheet are carried forward to be met from future DSG income.

### **Proposals**

16. Schools Forum is asked to note the report local consultation responses and taken them into account when making the required decisions in relation to the schools delegated budget for 2020-21 at the January 2020 meeting.
17. Schools Forum is asked to note the DfE consultation and consider the impact when making the required decisions in relation to the schools delegated budget for 2020-21 at the January 2020 meeting.

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