

DSG FUNDING BLOCK ANALYSIS

Report of the Director of Children, Schools and Families

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1. Purpose

- 1.1 To provide information on the impact of previous funding decisions on the split of funding between sectors.
- 1.2 To provide context for the budget settlement 2008/11.

2. Background

- 2.1 Until 2006/07 funding for the Schools Budget was provided through the Schools Formula Spending Share (SFSS). The SFSS was analysed into four blocks, under 5s, primary (5 to 10), secondary (11 to 15) and high cost pupils.
- 2.2 The Schools Budget could be divided into the equivalent four parts and compared to the SFSS blocks to give an indication of how Hertfordshire's spending by sector differed to the notional split of funding by sector. This comparison exercise was last carried out in 2005/06 and the conclusions were used to inform the budget process for the two years 2006/07 and 2007/08.
- 2.3 There has been an ongoing discussion about the relative funding of the sectors, particularly the relative funding levels between primary and secondary.

3. Updating the Budget Comparison by block

- 3.1 From 2006/07 the SFSS was replaced by the Dedicated Schools Grant. The funding block comparison has been repeated using the 2007/08 Schools Budget and the 2007/08 Dedicated Schools Grant. Two problems arise with this exercise:
 - 1) The Dedicated Schools Grant (DSG) is not broken down by block. Therefore an artificial division of the DSG into blocks has to be made. This

has been done by taking the 2005/06 SFSS blocks and rolling them forward to 2007/08, adjusting for changes in pupil numbers, new baselines, inflation, and the allocation of ministerial priorities funding in the DSG. Clearly the need to roll forward the historic block totals causes the analysis to lose a degree of the precision that was previously possible.

- 2) The high cost pupils block provided additional resources for statemented pupils. Therefore the cost of statemented pupils (as well as pupils out of schools) has to be identified within the Schools Budget in order to make the block comparison. Recent changes in the approach to SEN funding both nationally and locally mean that identifying the costs of statemented pupils is more difficult. For example there are no longer separate analysis lines on the Section 52 budget statement and the new Hertfordshire Predictable Needs funding encompasses both funding for statemented and non statemented pupils (the former earmarked pupil funding). In this comparison we have tried as far as possible to recreate the funding for statemented pupils on the same basis as it was in 2005/06.
- 3.2 A significant change to the methodology of the funding block comparison has been made regarding early years. In the 2005/06 comparison the SFSS blocks were adjusted to include nursery class and reception class pupils in the primary block rather than the under 5s block. The under 5s comparison thus related only to nursery schools and private nurseries.
- 3.3 In the current exercise we have followed the DCSF's approach to analysing early years costs by including the costs of nursery and reception classes in under 5s. We have not therefore had to adjust the under 5s block to remove these pupils.
The table below summarises the outcomes of the new funding block comparison. Expenditure funded by the carry forward of underspent central expenditure from 2006/07 and by the Yavneh promoters contribution has been excluded.
- 3.4 Table 1 – Comparison of 2007/08 Schools Budget and DSG by sector block (£m)

Schools Budget	Total	Under 5's	Primary	Secondary	H.Cs
Maintained Schools Budget Shares	514.2	53.8	193.4	233.9	33.1
PVI nurseries Expenditure	11.9	11.9			
Central Expenditure	71.5	4.1	14.6	17.3	35.5
Total Expenditure	597.6	69.8	208.1	251.2	68.6

DSG					
Estimated Funding Block	597.7	72.0	210.4	251.5	63.8
Difference (spend less funding)	(0.1)	(2.2)	(2.4)	(0.3)	4.8
Difference %	0.0%	-3.1%	-1.1%	-0.1%	7.6%

3.5 In the analysis spending significantly exceeds the block on high cost pupils. In contrast spending is lower than the block on under 5s and primary.

4. Change from 2005/06

4.1 The table below shows the major items contributing to the movement in the block comparison between 2005/06 and 2007/08.

Expenditure less DSG Analysis-Major Items Contributing to the Shift from 2005/06 to 2007/08 (£000)					
	Under 5s	Primary	Secondary	HCP	
2005/06 Comparison	1,737	(4,906)	4,253	1,176	2,260
Adjustment for Nursery & Reception Classes	(2,923)	2,923			0
Revised 2005/06 Comparison	(1,186)	(1,983)	4,253	1,176	2,260
Adjust SFSS up to DSG baseline for 2006/07	(498)	95	(1,663)	(188)	(2,254)
Comparison adjusted for new DSG baseline	(1,684)	(1,888)	2,590	988	6
Targeted budget changes (2006/07 and 2007/08)					
Children out of School (KS4 Learning Centres)				1,216	1,216
Youth Programmes				400	400
Primary Growth-2006/07	376	1,691			2,067
Primary Growth-2007/08	364	1,636			2,000
Mainstream SEN Funding Review				1,700	1,700
Termination of Employment costs		300			300
Autism and Speech and Language Units				303	303
Secondary electricity inflation 2007/08			1,682		1,682
Total (a)	740	3,627	1,682	3,619	9,668
Outcome if targeted resources were allocated pro rata to DSG blocks (b)	1,164	3,404	4,068	1,032	9,668
Impact of differential budget changes on block comparison (a-b)	(424)	223	(2,386)	2,587	0
Other adjustments					
Delegation of additional primary support bases		(300)		300	0
Reapportionment of overheads within expenditure		(500)	(300)	800	0
2005/06 Comparison adjusted for major changes	(2,108)	(2,465)	(96)	4,675	6

4.2 The particular points to note are:

- 1) The 2005/06 comparison has been adjusted so that nursery and reception classes are included in the Under 5's block.
- 2) There is an adjustment for the movement from the 2005/06 SFSS to the baseline for the new DSG.

- 3) Major budget changes which were differential between sectors have been identified and compared to the impact if the same funding has been allocated pro rata to the funding blocks. This shows that:
- the growth for primary was in fact just in line with the primary sector's share of all the targeted items.
 - the expenditure increase for high cost pupils was considerably greater than its share of the targeted items. (An element of this resource was devolved for pupils in mainstream schools.)

5. High Cost Pupils “Central Expenditure”

- 5.1 Much of this is in fact delivered to schools. Annex A gives a breakdown of this expenditure showing the devolved items.

6. Nursery Spending

- 6.1 Within the total under 5s expenditure we have compared the funding levels in nursery schools, nursery classes and private nursery providers. We have adopted the same approach as the DCSF use for their benchmarking tables.

- For nursery classes the expenditure for the calculation includes nursery AWPUs, other pupil led funding for nursery pupils and an apportionment of the whole school funding within primary school budget shares (lump sums, premises funding etc). This apportionment is based on the percentage that nursery pupils represent of total primary school pupil numbers.
- For nursery schools the expenditure comprises the nursery school budget shares.
- For PVI providers the figure used is the annual funding per pupil.

- 6.2 Table 2 – Early Years Funding

	£ Per Pupil
PVI Settings	1577
Nursery Schools	2851
Nursery Classes	1975

7. Conclusion

- 7.1 There are clearly limitations on placing too much weight on this analysis in order to direct resources to any sector. However, whilst the analysis should be treated with caution, it does indicate that further targeting of resource for primary and early years should be considered. This would need to be in the context of available headroom and further analysis of the particular pressures within the sectors. The Forum is asked to comment.

Annex A

Analysis of High Cost Pupils Block "Central Expenditure"	
	£m
1) Devolved to Schools	
Predictable Needs (except former EPF budget)	6.7
Exceptional Needs	3.4
Special Schools Threshold and UPS2	0.7
Transition Courses	0.1
Special Units	0.6
Special Schools Outreach	0.2
Sub total	11.8
2) Other	
Out County	9.8
Speech and Language Therapy	1.4
Retained AW&T (Lovass, EYS etc)	1.1
ESCs	2.8
Education other than at School	6.1
Opportunity Classes	0.2
SEN Equipment	0.2
SEN Support Services	1.1
Special Schools Capital	0.4
Special Schools Contingency	0.1
Other	0.5
Sub total	23.7
Total	35.5