

Title of meeting:	Schools Forum
Date of meeting:	13 July 2016
Subject:	2015-16 Dedicated Schools Grant Outturn Report and Revised Budget 2016-17
Report from:	Alison Jeffery, Director of Children's Services
Report by:	Richard Webb, Finance Manager for Children's Services
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

The purpose of this report is to inform Schools Forum of the year-end outturn position as at the end of March 2016 for the Dedicated Schools Grant (DSG) and to propose revisions to the DSG budget for 2016-17.

2. Recommendations

It is recommended that Schools Forum:

- a. Note the year-end outturn budget position for the Dedicated Schools Grant as at the end of March 2016 and the variance explanations contained within this report.
- b. Endorse the revised DSG budget for 2016-17 as set out in Appendix 1.

3. Background

- 3.1. The DSG is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. The original DSG budget for the financial year 2015-16, was approved by the Cabinet Member for Children and Education and endorsed by Schools Forum in February 2015. This report provides Schools Forum with the year-end outturn position as at 31 March 2016.

3.3. In respect of the financial year 2016-17, the original DSG budget was agreed on 20th Jan 2016 by Schools Forum with a number of changes in regards to the de-delegated budgets. The Cabinet Member for Children and Education approved the budget on 21 January 2016. The changes agreed in January, together with further proposed budget revisions for 2016-17 are clarified within section 5 and Appendix 1 of this report.

4. Dedicated Schools Grant

4.1. The table below sets out the DSG final outturn position as at the 31 March 2016.

DEDICATED SCHOOLS GRANT	<i>Original Estimate 2015/16 £000's</i>	<i>Revised Estimate 2015/16 £'000's</i>	<i>Outturn £'000's</i>	<i>over/ (under) spend £'000's</i>
DSG : Devolved				
Nursery ISB	7,800	7,654	8,094	440
Primary ISB	47,792	45,834	45,834	0
Secondary ISB	21,144	18,640	18,640	0
High Needs ISB	4,893	4,893	4,738	(155)
DSG : Retained				
De-Delegated Budgets & Growth Fund	927	898	757	(141)
High Needs	9,458	9,459	8,752	(707)
Centrally Retained	4,286	3,635	3,558	(77)
Total DSG expenditure	96,301	91,013	90,373	(640)
Funded by:				
DSG and other Specific Grants	(96,301)	(90,919)	(90,919)	0
DSG timing Adjustment	0	0	83	83
DSG Brought Forward	(4,585)	(4,585)	(4,585)	0
DSG Carried Forward	4,585	4,491	5,048	557
Total Retained DSG	(96,301)	(91,013)	(90,373)	640
TOTAL Dedicated Schools Grant	0	0	0	0

The figures in the above table are subject to rounding to the nearest £1,000 and may not calculate exactly.

4.2. The variances shown in the table above are explained in more detail below.

Nursery ISB

4.3. During 2015-16 it was reported that actual expenditure on placement costs for 3 & 4 year olds in Private, Voluntary and Independent (PVI) Nursery settings, was forecast to exceed the budget provision by an estimated £350,000, although this was being offset by a decrease in the payments made to maintained units. The final outturn for the PVI units in

2015-16 was an over spend of £429,000, with maintained nursery units overspending by £11,000.

- 4.4. The overspend in the maintained and PVI nursery units arose mainly due to an increase in the numbers of children accessing early education when compared to 2014-15. The numbers of 3 & 4 year olds attending PVI nurseries in the spring term rose by 121 when compared to last year. However, £160,000 of the over spend was due to some payments in respect of financial year 14-15 being processed in 15-16 at year-end. Arrangements have now been put in place to mitigate a re-occurrence.

Primary & Secondary ISB & De-Delegated Budgets

- 4.5. During 2015-16 there were three Academy conversions. The table below shows the adjustments made to the budgets during the year, to reflect these conversions, for the Primary and Secondary Individual School Budgets (ISB) as well as the De-Delegated Budgets.

	Original Budget as at April 2015 £000's	Impact of Academy Conversions £000's	Revised Budget (as shown above) £000's
Primary ISB	47,792	(1,958)	45,834
Secondary ISB	21,144	(2,504)	18,640
De-Delegated	927	(29)	898

- 4.6. The underspend of £141,000 in the de-delegated and growth fund budgets is due mainly to the schools specific contingency; as during the final year there were no requests for financial support from the contingency fund.

High Needs (ISB)

- 4.7. The budget included the costs relating to an additional 29 places in Mary Rose and Cliffdale Special Academies from September 2015, in excess of the agreed place numbers. The under spend arose as a result of the number of additional pupils requiring Special School places being less than predicted.
- 4.8. A new inclusion centre opened at St Edmunds School in September 2015 and was expected to provide 12 high needs places. After discussions between the Inclusion team and the school it was agreed that only 9 places were required reducing the authorities predicted spend by £17,500 in 2015-16. In 2016-17 the three spare places will be utilised in a new centre opening at Trafalgar Academy.

High Needs

- 4.9. The High Needs budgets are the most volatile area of the DSG budget, due to a significant proportion of the funding being linked to pupil needs and movements. At the end of 2015-16, the High Needs budget was under spent by £707,000 mainly as a result of the areas shown in the table below.

Budget Area	Over/(Under) Spend £000's
Element 3 Top Up Funding	(769)
Pupils with EHCP	31
Post 16 Funding	(65)
Out of City Placements	96
	(707)

Element 3 Top Up Funding

- 4.10. In setting the budget for 2015-16 funding was set-aside to meet the Element 3 costs of the expected additional pupils at Mary Rose & Cliffdale Special Schools from September 2015, as well as the potential "band creep" arising from the new intake of pupils in September. The actual level of funding required to meet these expected pressures, was less than anticipated, leading to an under spend of £491,000 at the end of the year.
- 4.11. A further under spend of £294,000 arose in respect of the Alternative Provision and Resourced Units; as a result of lower than anticipated numbers of pupils being placed by the City Council in these settings.
- 4.12. These underspends were partially offset by a small over spend of £16,000 on the top up payments made for Portsmouth pupils being educated in maintained schools in other local authority areas.

Post 16 Funding

- 4.13. The number of high needs pupils accessing post-16 education has increased between 2014-15 and 2015-16 academic years. In the summer term 2015, the authority was supporting 64 learners, whilst in the autumn term 2015 the number increased to 73 and has remained consistent for the academic year. Effective negotiation by the Special Educational Needs and Disability Team with the Post-16 Colleges led to the overall amount being paid to colleges remaining within the budget; resulting in an overall under spend of £64,500.

Out of City Placements

- 4.14. The number of pupils placed out of the city in private / independent placements has increased over the course of the year from 32 to 38 at an average cost of £43,329 compared to an average cost in 2014-15 of £44,138.

Other centrally retained budgets

- 4.15. The under spend of £77,000 has arisen from small variances in a number of areas; nursery quality standards, 2 year old place funding and 2 year old trajectory funding.
- 4.16. The nursery quality standards under spend of £52,500 is due to the service carrying a vacancy for the financial year.
- 4.17. The revised expenditure budget for 2 year old places in 2015-16 was based upon the census count in January 2015 and the year-end position showed a small underspend of £33,000 indicating that our numbers of 2 year olds has remained consistent throughout the year.

DSG Grant & Carry-forward

- 4.18. The funding received directly by the Council in respect of the Dedicated Schools Grant continued to reduce during the financial year, as a consequence of schools converting to Academy status and their funding being allocated directly to them from the Education Funding Agency. The final amount allocated to Portsmouth City Council amounted to £90,919,000 compared to an initial budget estimate of £96,301,110.
- 4.19. The budget was revised during the year at various stages to reflect the changes to the Council's grant allocations, such as the recoument adjustments for maintained schools converting to Academy status. During the year, the DfE reduced the funding by a further £83,000 in respect of the Early Years Block which related to an expected late adjustment of 2014-15.
- 4.20. The carry forward increased in 2015-16 to £5,048m. However, it should be noted that the Secretary of State for Education has now approved the Council's request (which was endorsed by Schools Forum) to use £2m of the carry forward balance, to support a programme of capital improvements to special school facilities in the city to enable them to support pupils with higher levels of need.

5. Revised Budget 2016-17

5.1. Appendix 1 shows the initial budget for 2016-17 which was approved in January 2016. Since agreeing the initial budget for 2016-17 the following changes have occurred which has required the proposed revisions below.

- Conversion of Westover Primary to academy status from 1 February 2016
- Proposed changes to the funding arrangements with The Harbour School, in respect of:
 - the number of High Needs SEN places
 - the number Alternative Provision places
 - Element 3 top-up rates for both SEN and AP places
 - Medical funding.

Conversion of Westover Primary School

5.2. Westover Primary converted to Academy status from 1st February 2016; therefore adjustments were required to the Primary ISB as well as the de-delegated budgets. As schools continue to convert to Academy, further adjustments to these budgets will be required.

The Harbour School

Place funding and Element 3 Top-up for SEN and AP

5.3. In setting the initial budget for 2016-17, it was highlighted that following the recommendations of the Social, Emotional and Mental Health (SEMH) review, the number of commissioned places at The Harbour School were being reviewed. Following detailed financial modelling and discussions with the school a number of changes to the High Needs places and the Element 3 Top-up were agreed with The Harbour School.

5.4. It is expected that these proposed changes will come into effect from 1 September 2016 and provide the school with greater stability in its funding. The table below sets out the proposed changes to the commissioned places.



The Harbour School	Academic Year		Financial Year 2016-17	
	2015-16	2016-17	Apr to Aug	Sep to Mar
SEN Places	84	95	35	55
AP Places	151	111	63	65
Total Places	235	206	98	120
Total funding	£2,350,000	£2,060,000	£980,000	£1,200,000

- 5.5. The reduction in place funding of £290,000 (full year effect) would be used to increase the level of Element 3 Top-up payable to the school from 1 September for both SEN and AP, as shown in the table below.

Band	April to August 2016	From 1 September 2016
SEN	£	£
A	18,011	21,283
B	9,859	11,898
C	8,255	10,051
D	6,933	8,529
E	5,284	6,630
F	3,012	4,014
G	2,219	3,101
H	781	1,446
Stamshaw	28,190	28,190
AP	2,714	6,000

Medical Tuition Funding

- 5.6. In 2014-15 Schools Forum agreed an increase to medical / individual tuition funding to The Harbour School by £220,000, to support the delivery of full time education to pupils following a decision made by a medical practitioner. This funding was netted off against the charges made by The Harbour School to those schools who commissioned medical tuition directly with them, which was both confusing and administratively burdensome. It is now proposed that the full amount £660,000 to the Harbour School, thus removing the need for The Harbour School to charge other schools when pupils who require educating due to a decision made by a medical practitioner.
- 5.7. Where schools have requested one to one tuition that has not been directed by a medical practitioner then Harbour School will still be able to charge.

6. Reasons for recommendations

It is recommended that Schools Forum note the contents of the report in respect of the financial outturn for 2015-16 and endorse the amendments to the budget

for 2016-17, (which was originally approved in January 2016) for the reasons set out in section 5.

7. Equality impact assessment (EIA)

This report does not require an Equality impact Assessment as the proposal does not have any impact upon a particular equalities group.

8. Legal implications

There are no legal implications arising from the recommendations in this report.

9. Director of Finance’s comments

Finance comments have been included within the body of this report.

Signed by: Alison Jeffery, Director of Children's Services

Appendices: None

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
School & Early Years Finance (England) Regulations	www.legislation.gov.uk
DSG Budget Estimates and Monitoring Records	Education Finance

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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 Signed by:

Appendix 1 - Dedicated Schools Grant Revised Budget 2016-17

	Proposed 2016-17 budget (Schools Forum 20 Jan 2016)	Changes agreed at Schools Forum 20 Jan 2016	Original Approved 2016-17 Budget (including Academies)	Proposed Budget Changes	Revised 2016-17 Schools Budget (including Academies)	Revised 2016-17 Schools Budget (excluding Academies)
	£000	£000	£000	£000	£000	£000
Individual School Budgets (ISB)						
Primary	61,537	64	61,601	-	61,601	45,492
Secondary	44,332	21	44,353	-	44,353	19,141
Special School Place Funding	5,197	-	5,197	64	5,261	2,901
Resourced Unit Place Funding	925	-	925	-	925	635
Alternative Provision Place Funding	1,650	-	1,650	(233)	1,417	1,297
	113,641	85	113,726	(169)	113,557	69,466
De-delegated and central budgets						
Growth Fund	365	-	365	-	365	365
De-delegated budgets	477	55	532	-	532	523
Licences	120	-	120	-	120	120
Schools Forum	15	-	15	-	15	15
Admissions	252	-	252	-	252	252
	1,229	55	1,284	-	1,284	1,275
Early Years						
3 & 4 Year Old Provision ¹	8,048	-	8,048	-	8,048	8,048
2 Year Old Provision	2,332	-	2,332	-	2,332	2,332
Central Expenditure on under 5	599	-	599	-	599	599
	10,979	0	10,979	-	10,979	10,979
High Needs						
Element 3 Top-up funding	7,170	-	7,170	82	7,252	7,252
Out of City Placements	1,750	-	1,750	-	1,750	1,750
SEN Support Services	707	-	707	-	707	707
Medical Education	573	-	573	87	660	660
Outreach Services	187	-	187	-	187	187
Fair Access Protocol	60	-	60	-	60	60
	10,447	0	10,447	169	10,616	10,616
Total Expenditure	136,296	140	136,436	0	136,436	92,336
DSG Income ²	(133,649)	-	(133,649)	-	(133,649)	(89,549)
DSG Income (2 Year Old Funding) ³	(2,260)	-	(2,260)	-	(2,260)	(2,260)
3 & 4 year old pupil premium	(218)	-	(218)	-	(218)	(218)
One-off use of Carry Forward	(169)	(140)	(309)	-	(309)	(309)
Total Income	(136,296)	(140)	(136,436)	0	(136,436)	(92,336)

¹ Includes pupil premium for 3 and 4 year olds

² Per EFA allocations 17th December including provisional Early Years funding

³ Estimated funding. Initial allocation will be announced by EFA in June 2016