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| Decision maker: | Cabinet Member for Education Services |
| Subject: | Dedicated Schools Grant Budget Monitoring Report for the First Quarter 2016/17 |
| Date of decision: | 22 September 2016 |
| Report from: | Chris Ward, Director of Finance and IS |
| Report by: | Richard Webb, Finance Manager |
| Wards affected: | All |
| Key decision: | No |
| Budget & policy framework decision: | No |

1 Purpose of report

- 1.1 To inform the Cabinet Member for Education of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2016-17 as at the end of the first quarter. This report sets out the forecast budget position for the year-end as at the 30th of June 2016.

2 Background

- 2.1 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.
- 2.2 The original DSG budget for the financial year 2016-17, was approved by the Cabinet Member for Children and Education and endorsed by Schools Forum in January 2016. The budget was subsequently revised and agreed by the Cabinet Member for Education on the 30th June 2016. This report provides the Cabinet Member with a forecast estimate of the year-end outturn based on the position as at 30 June 2016.

3 Recommendations

- 3.1 It is recommended that the Cabinet Member notes the forecast year-end budget position for the Dedicated Schools Grant as at the end 30 June 2016, together with the associated explanations contained within the report.

4 Dedicated Schools Grant forecast position as at the end of June 2015

- 4.1 Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30 June 2016.

Table 1

| DEDICATED SCHOOLS GRANT | Original Estimate 2016/17 £'000's | Revised Estimate 2016/17 £'000's | Projected Outturn £'000's | Projected over/ (under) spend £'000's |
|--|--|---|----------------------------------|--|
| DSG : Devolved | | | | |
| Primary ISB | 46,665 | 45,492 | 43,859 | (1,633) |
| Secondary ISB | 19,141 | 19,141 | 19,141 | 0 |
| Special school place funding | 2,837 | 2,901 | 2,901 | 0 |
| Resource unit place funding | 635 | 635 | 635 | 0 |
| Alternative provision place funding | 1,530 | 1,297 | 1,277 | (20) |
| Total Devolved DSG | 70,808 | 69,466 | 67,813 | (1,653) |
| DSG : Retained | | | | |
| De-Delegated Budgets, Growth Fund and centrally retained | 1,285 | 1,275 | 1,204 | (73) |
| Early Years | 10,979 | 10,979 | 10,928 | (51) |
| High Needs | 10,447 | 10,616 | 10,803 | 187 |
| Total Expenditure | 93,519 | 92,336 | 90,747 | (1,589) |
| DSG and other Specific Grants | (93,210) | (92,027) | (90,394) | 1,633 |
| DSG Brought Forward | (309) | (5,048) | (5,048) | 0 |
| DSG Carried Forward | 0 | 4,739 | 4,696 | (43) |
| Total Income DSG | (93,519) | (92,336) | (90,777) | 1,589 |
| 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

Academy conversions

- 4.2 As per the table above the "Primary ISB" and "DSG and other specific grants" are showing a variance due to Court Lane Infant and Junior schools planning to convert to academy status from 1st September 2016. The school allocations have been adjusted so that the schools only receive the income attributable to the maintained period; this enables the schools to monitor effectively in the period leading up to the conversion. Following conversion the budgets will be adjusted to reflect the recoupment of DSG funding by the Education Funding Agency (EFA).

High Needs ISB

- 4.3 The Authority is due to fund two emergency places at the alternative provision unit at Flying Bull Academy in addition to the 12 commissioned places paid for directly by the Education Funding Agency (EFA).

De-delegated and growth fund

- 4.4 Allocations totalling £292,627 have been paid from the growth fund to seven eligible maintained schools and four eligible academies. The original budget contained funding for known increases in the Published Admission Number (PAN) for 2016-17 and capacity to fund a further increase in (PAN) at two further schools during the course of the year. The Education Strategic Commissioning and Place Planning Team, have confirmed that no further increases in PAN are expected during the remainder of the 2016-17 financial thus giving an underspend of £72,673.

Early Years

- 4.5 The nursery quality standards budget is underspent due to a vacancy, the service are considering how best to utilise the post.
- 4.6 At the time of closing the accounts the summer term pupil data wasn't available from the early years settings and therefore it is too early to forecast the year end out-turn. Once received the summer term pupil numbers will be used to forecast the year-end financial position, which will be reported in the Quarter 2 budget monitoring report.

High Needs

- 4.7 The high needs budgets are the most volatile area of the DSG and as such the most difficult to predict. It is too early in the year to accurately predict the impact of the September cohort on the element 3 top up funding for special schools and academies. The forecast position will be updated in the quarter 3 report after the autumn term pupil information has been processed.
- 4.8 The first quarter of 2016-17 has seen a further increase in the top-up funding paid to mainstream schools to support children with high needs where the cost of additional support exceeds the £6,000 which is met by the school. As at the 30 June, the forecast was showing an estimated overspend of £31,000. Since closing the first quarter's accounts, notification has been received of a further £75,000 of top-up payments to be made to mainstream schools. The SEND (Special Education Needs and Disabilities) Team have identified that the number of pupils who receive funding to support their additional needs in mainstream settings has increased by 63 (27%) over the summer term.
- 4.9 The budget for children in Out of City placements is over spending by £187,000. The budget was increased by £200,000 in 2016-17 when compared to 2015-16 to allow for the full year effect of children who started in a placement part way through 2015-16. Whilst the overall number of pupils in

Out of City placements has not increased from the 2015-16 position (38), the average cost of the placements has increased from £43,329 to £48,663. This is due to four pupils costing £60,886 having ceased their placements and four new pupils with costs of £169,000 having started placements. There are also a number of changes to the placement costs for continuing pupils that have seen a nett increase in funding of £18,000.

Brought forward / Carry forward

- 4.10 Of the £5.048m carry forward the Authority has received approval to transfer up to £2m to the capital programme. The funding will be used to remodel two special schools in Portsmouth to enable them to admit pupils with more complex needs. The contribution to the capital programme will be transferred later in the year.

5 Equality impact assessment (EIA)

- 5.1 No impact assessment has been carried out as the proposals do not have any impact upon a particular equalities group.

6 Legal comments

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

7 Director of Finance comments

- 7.1 Financial comments are contained within the body of the report.

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Chris Ward, Director of Finance & IS

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 |
|---|--|
| DSG Budget Monitoring | Education Finance Team |
| School & Early Years Finance (England) Regulations 2015 | www.legislation.gov.uk |



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

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Signed by: