



<b>Decision maker:</b>	<b>Schools Forum</b>
<b>Subject:</b>	<b>Dedicated Schools Grant Budget Monitoring Report for the Third Quarter 2016/17</b>
<b>Date of decision:</b>	<b>15th February 2017</b>
<b>Report from:</b>	<b>Chris Ward, Director of Finance and IS</b>
<b>Report by:</b>	<b>Richard Webb, Finance Manager</b>
<b>Wards affected:</b>	<b>All</b>
<b>Key decision:</b>	No
<b>Budget &amp; policy framework decision:</b>	No

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## **1 Purpose of report**

- 1.1 To inform the Schools Forum of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2016-17 as at the end of December 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 30<sup>th</sup> June 2016 and endorsed by Schools Forum on 13<sup>th</sup> July 2016. This report provides Schools Forum with a forecast estimate of the year-end outturn based on the position as at 31<sup>st</sup> December 2016.



### 3 Recommendations

- 3.1 It is recommended that the Schools Forum notes the forecast year-end budget position for the Dedicated Schools Grant as at the end 31<sup>st</sup> December 2016, together with the associated explanations contained within this report.

### 4 Dedicated Schools Grant forecast position as at the end of December 2016

- 4.1 Table 1 below sets out the forecast year-end financial position of the DSG budget as at 31<sup>st</sup> December 2016.

**Table 1**

<b>DEDICATED SCHOOLS GRANT</b>	<i>Original Estimate 2016/17 £000's</i>	<i>Revised Estimate 2016/17 £000's</i>	<i>Projected Outturn £'000's</i>	<i>Projected over/ (under) spend £'000's</i>
<b>DSG : Devolved</b>				
Primary ISB	46,665	43,810	43,810	0
Secondary ISB	19,141	19,141	19,141	0
Special school place funding	2,837	2,901	2,914	13
Resource unit place funding	635	635	635	0
Alternative provision place funding	1,530	1,297	1,297	0
<b>Total Devolved DSG</b>	<b>70,808</b>	<b>67,784</b>	<b>67,797</b>	<b>13</b>
<b>DSG : Retained</b>				
De-Delegated Budgets, Growth Fund and centrally retained	1,285	1,339	1,188	(151)
Early Years	10,979	11,274	11,293	19
High Needs	10,447	10,616	10,739	123
<b>Total Expenditure</b>	<b>93,519</b>	<b>91,013</b>	<b>91,017</b>	<b>4</b>
DSG and other Specific Grants	(93,210)	(90,663)	(90,884)	(221)
DSG Brought Forward	(309)	(5,048)	(5,048)	0
DSG Carried Forward	0	4,698	4,915	217
<b>Total Income DSG</b>	<b>(93,519)</b>	<b>(91,013)</b>	<b>(91,017)</b>	<b>(4)</b>
<b>TOTAL Dedicated Schools Grant</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

### **Academy conversions**

- 4.2 There have been no academy conversions during the period 1<sup>st</sup> September to 31<sup>st</sup> December 2016 and therefore there has been no impact on the DSG budget. Redwood Park Special School is due to convert on the 1<sup>st</sup> February 2017, and the necessary budget adjustments related to the conversion will be reflected during quarter 4.

### **De-delegated and growth fund**

- 4.3 The underspend in this area of the budget relates to the remaining balance on the growth fund after allocations to schools as reported in the quarter 1 monitoring report, together with the recouplement adjustments relating to schools converting to Academy status.

### **Early Years**

- 4.4 The budget for 3&4 year olds in Private, Voluntary and Independent settings has been increased to reflect the in-year increased funding allocation from the Department for Education (DfE) following the January 2016 census; as approved in December 2016.
- 4.5 Although the number of full time equivalent (FTE) children being supported by the budget is slightly less than the same time last year, 413 as opposed to 478; we are still expecting the numbers of children to increase in the spring term which will result in a slight overspend for the financial year.

### **High Needs**

- 4.6 The class lists for the September 2016 cohort in the City's special schools have now been checked and agreed with the SEND (Special Educational Needs and Disabilities) Team. The lists have been used to forecast the expected cost of the Element 3 top up funding for the remainder of the financial year, final adjustments will be posted during quarter 4 and as part of the year-end process. Currently it is anticipated that the year-end outturn will show an under spend in the region of £550,000. The forecast underspend is due to 25 pupils attending Portsmouth special schools being placed by other local authorities for whom any top up funding is paid by the commissioning local authority. This underspend has been offset and exceeded by the financial pressures detailed below.

### **Pupils with SEND in mainstream schools**

- 4.7 As reported in the January budget report, during 2016-17 the number of requests for Education, Health and Care Plan assessments from mainstream schools has doubled (from 130 to 260) when compared to 2015-16. Most requests are agreed, indicating that there is sufficient evidence to justify an assessment. In addition, the average cost per pupil has increased indicating that there is an increased complexity of need.



- 4.8 This increase in finalised EHC Plans, has led to an increase in the Element 3 funding being paid to mainstream schools to support children with high needs where the cost of additional support exceeds the £6,000 which is expected to be met by the school. The number of pupils with an EHC Plan in mainstream schools (not including inclusion centres) has increased by 60 from 246 to 306.
- 4.9 For 2016-17, the current level of funding being provided to mainstream schools is anticipated to exceed the budget by £240,000.

#### Out of City Placements

- 4.10 The forecast overspend on the budget for children in Out of City placements has been increased by £60,000 to £330,000. This is due to the average cost of placements being higher than in previous years, £48,000 in 2016-17 compared to £43,328 in 2015-16. The number of children and young people placed out of the city remains relatively low. The forecast also includes the estimated cost for four children placed by the Child and Adolescent Mental Health Service (CAMHS) being supported from this budget, the current cost of these children is estimated to be £114,400.

#### Post -16

- 4.11 In September 2014, the Children and Families Act introduced further responsibilities on the Council for children in post 16 education. The act extended the age range from post 16 to include those children in education from 19 to 25 without providing specific funding. The effect of the policy change has led to an increase in the numbers of children remaining in further education beyond 18 and the overspend is expected to be in the region of £167,000 this financial year. For 2018-19 expenditure on these placements is expected to continue to increase significantly as reported in January.
- 4.12 The overall forecast position as at the end of Quarter 3 shows a net overspend of £123,000 in the high needs block and does not include the additional funding allocation to Redwood Park School, which will be processed during quarter 4.

#### **DSG and other Specific Grants**

- 4.13 The variance in the DSG grant allocation relates to an adjustment for the 2015-16 financial year for children accessing early education. The funding is based on the spring census which is finalised in the following July.

#### **Brought forward / Carry forward**

- 4.14 Of the £5.048m brought 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 during the fourth quarter. The balance to carry-forward into 2017-18 will not be known until the financial year has closed, but at this stage it is estimated to be in the region of £2.2m

**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:

<b>Title of document</b>	<b>Location</b>
DSG Budget Monitoring	Education Finance Team
School & Early Years Finance (England) Regulations 2015	<a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a>

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

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Signed by: