



Decision maker:	Schools Forum
Subject:	Dedicated Schools Grant Budget Monitoring Report for the Second Quarter 2017/18
Date of decision:	13 December 2017
Report from:	Chris Ward, Director of Finance and IS
Report by:	Beverley Pennekett, Finance Manager
Wards affected:	All
Key decision:	No
Budget & policy framework decision:	No

1 Purpose of report

- 1.1 To inform Schools Forum of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2017-18 as at the end of September 2017.

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 2017-18, was approved by the Cabinet Member for Children and Education and endorsed by Schools Forum in January 2017, with further changes approved and endorsed subsequently. This report provides Schools Forum with a forecast estimate of the year-end outturn based on the position as at 30th September 2017.

3 Recommendations

It is recommended that Schools Forum:

- 3.1 notes the forecast year-end budget position for the Dedicated Schools Grant as at the end 30th September 2017, together with the associated explanations contained within this report.
- 3.2 endorses the necessary adjustments to Dedicated Schools Grant early years budgets and DSG income budget, to reflect the changes in grant funding due to pupil number changes.

4 Dedicated Schools Grant forecast position as at the end of September 2017

- 4.1 Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30th September 2017.



Table 1

DEDICATED SCHOOLS GRANT	Original Estimate 2017/18 £000's	Revised Estimate 2017/18 £000's	Projected Outturn £'000's	Projected over/ (under) spend £'000's
DSG : Devolved				
Primary ISB	43,475	36,531	36,531	0
Secondary ISB	19,326	14,168	14,168	0
Special school place funding	1,558	1,558	1,570	12
Resource unit place funding	596	596	596	0
Alternative provision place funding	1,070	1,070	1,070	0
Total Devolved DSG	66,025	53,923	53,935	12
DSG : Retained				
De-Delegated Budgets, Growth Fund and centrally retained	1,358	1,661	1,460	(200)
Early Years	13,304	13,300	13,155	(145)
High Needs	11,726	11,726	11,905	179
Total Expenditure	92,413	80,610	80,455	(154)
DSG and other Specific Grants	(92,413)	(80,477)	(80,326)	151
DSG Brought Forward	0	(3,213)	(3,213)	0
DSG Carried Forward	0	3,080	3,083	3
Total Income DSG	(92,413)	(80,610)	(80,455)	(154)
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 There have been three academy conversions (Highbury Primary, Meon Junior and Moorings Way Infant) during the period 1st July to 30th September 2017. The revised budget includes the previously approved adjustments relating to these conversions. Since the end of quarter 2 two more schools have converted to academy status, Langstone Infant and Langstone Junior both converted on 01st October. The associated budget adjustments will be reflected in quarter 3.

Special school place funding

- 4.3 The small forecast overspend is due to an additional place forecast to be required at Mary Rose Special Academy. The forecast has been based upon the summer term class list, agreed by the SEN team and the school in July 2017 and the draft autumn term class list used for the special school banding review in June 2017. The class list showed that there is one additional place above the budgeted amount over the period April 2017 to August 2017 and two additional places for the period September 2017 to March 2018. It has been assumed that both places will continue throughout the 2017-18 financial year.



De-delegated, growth fund and centrally retained

The forecast underspend of £200,100 relates to the recoupment adjustments made to the DSG when schools convert to academy status; along with a small underspend in the cost of licences for schools negotiated centrally by the DfE.

- 4.4 The growth fund allocations were issued to schools and academies meeting the criteria for 2017-18 during quarter one. At the end of the previous quarter the growth fund was forecast to overspend by circa. £33,000 due to basic need growth being identified after the budget was set. During quarter two the growth at this primary school has been confirmed and the payment made to the school. The overspend for the growth fund as at the 30 September 2017 is £33,500, it is not expected that further growth payments will be made this financial year.

Early Years

- 4.5 The current forecast underspend relates to for 3 and 4 year olds and is based on the summer term actual payments and autumn term estimated payments, with expected growth for the spring term 2018 (based on historic data).
- 4.6 It should be noted that the autumn term estimates are lower than in previous years, this reduction may be due to the timing of pupils starting nursery. The payments to nursery settings will be adjusted for actual pupil numbers at the end of the autumn term; therefore it is likely that the forecast position will change, this will be reported in quarter 3.

High Needs

- 4.7 The high needs budgets are the most volatile area of the DSG and as such the most difficult to predict.

Element 3 Top-up funding

- 4.8 At the end of quarter 2 the authority has finalised the Element 3 top-up payments to special schools, resource units and alternative provision (AP) settings for the summer term 2017. In total this has underspent by net £28,123, relating mostly to a number of pupils placed by other local authorities at special schools in the city (£50,000) and a lower than budgeted number of pupils placed by the Council at the Alternative Provision settings (£3,600). This saving has been partially offset by an increase above the budget of the number of pupils placed in Resource units (£25,400).
- 4.9 In late September 2017 the Cabinet Member approved and Schools Forum endorsed a change to the banding system for special schools in the City (Maintained and Academy). The introduction of the new system and associated payments to schools started from the beginning of the autumn term in September 2017. The forecast contains an estimate of the associated costs based on the draft class lists for September which were issued in June 2017. Following confirmation of the actual pupils in early November the forecasts will be updated at the end of quarter three.
- Pupils with SEND in mainstream schools
- 4.10 The second quarter of 2017-18 has seen an increase in the top up funding paid to mainstream schools to support children with high needs where the cost



of additional support exceeds the first £6,000 which is met by the school. As at the 30th September 2017 the forecast is showing a predicted overspend of £270,000. The projected overspend is based on the current pupil information (as at the 30 September) of 381 pupils, together with a projection for anticipated growth for the remainder of the year based on the 2016-17 growth for the same period. This forecast will continue to be reviewed throughout the year as actual pupil details become available.

Out of City Placements

- 4.11 The actual expenditure for children in out of city placements is forecast to underspend the current budget by £84,500 in 2017-18. The forecast reflects:
- agreed contribution from children's social care and health to cover the associated care and health costs of a number of placements, which had not been confirmed at the end of quarter one.
 - Estimated part year costs of £60,000 for two new placements for which the costs are currently unknown
 - Estimated costs of £28,500 for 7 CAMHS pupils for which costs have not been confirmed
 - £101,000 set aside for outstanding payments relating to 2016-17.
- 4.12 There are currently 43 children in out of city placements, 7 of which have been placed by the Child and Adolescent Mental Health Service (CAMHS). The numbers of children are consistent with the 2016-17 financial year, however the average cost of a placement has decreased over the last quarter from £49,000 in quarter 1 to £44,500 as at the end of September 2017. The decrease in the average cost is due to a high cost placement ceasing at the end of the Summer term. Whilst this budget is currently predicting an underspend, due to the high cost of some individual placements, the potential outturn position remains unpredictable.

5 Early Years Grant adjustments

- 5.1 The variance in the DSG grant allocations (£151,000) relates to a prior year adjustment. In July 2017, the DfE confirmed the final allocation of the 2016-17 early years block based on the January 2017 census data. Providing a net reduction in funding due to the number of 2 year old children accessing early education in the City and those 3 and 4 year old pupils eligible to receive early year's pupil premium decreasing. The funding allocation from the DfE has been adjusted to reflect this.
- 5.2 The reduction in pupil numbers recorded on the January 2017 census has also impacted on the early years block allocation for 2017-18. Approval is sought to decrease the budget for 2 year olds in Private, Voluntary and Independent (PVI) settings, the early years pupil premium the DSG income and increase the 3 and 4 year olds in PVI settings and by a net £275,045; in order to reflect the in-year decreased funding allocation from the DfE.

6 Equality impact assessment (EIA)

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

7 Legal comments

7.1 There are no legal implications arising directly from the recommendations contained within this report.

8 Director of Finance comments

8.1 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	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: