

Decision maker:	Schools Forum
Subject:	Dedicated Schools Grant Budget Monitoring Report for the Second Quarter 2016/17
Date of decision:	7 December 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 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 September 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 Schools Forum with a forecast estimate of the year-end outturn based on the position as at 30th September 2016.

3 Recommendations

3.1 It is recommended that Schools Forum:

- i. Notes the forecast year-end budget position for the Dedicated Schools Grant as at the end 30th September 2016, together with the associated explanations contained within this report.
- ii. Endorse the increase to the budget for 3&4 year olds in PVI settings and the DSG grant to reflect the increased numbers in the January 2016 Census, as detailed in paragraph 4.13.

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

4.1 Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30th September 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	43,810	43,810	0
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	1,297	0
Total Devolved DSG	70,808	67,784	67,784	0
DSG : Retained				
De-Delegated Budgets, Growth Fund and centrally retained	1,285	1,339	1,184	(155)
Early Years	10,979	10,979	11,372	393
High Needs	10,447	10,616	10,643	27
Total Expenditure	93,519	90,718	90,983	265
DSG and other Specific Grants	(93,210)	(90,369)	(90,884)	(515)
DSG Brought Forward	(309)	(5,048)	(5,048)	0
DSG Carried Forward	0	4,699	4,949	250
Total Income DSG	(93,519)	(90,718)	(90,983)	(265)
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 Court Lane Infant and Court Lane Junior schools have converted to Academy status with effect from the 1st September 2016. The budget adjustments associated with the conversions have been posted and are reflected in the table above.

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 recoupment adjustments relating to schools converting to Academy status.

Early Years

- 4.4 The overspend in the early years budgets is due to a forecast increase in the numbers of 3&4 year olds accessing early education in the City. Whilst it is too early in the year to accurately predict the financial impact of the autumn term cohort, financial modelling has shown that the year on year growth in numbers in previous years has remained consistent at approximately 2% of the prior year total. This has therefore been used to inform the basis of the forecast for the year end position. The actual increase in pupil numbers and the financial impact will be reported in the Quarter 3 report.

High Needs

- 4.5 The initial class lists for the September cohort in the City's special schools have been used to forecast the expected cost of the Element 3 top up funding for the remainder of the financial year. Currently it is anticipated that the year-end outturn will show an under spend in the region of £300,000. A further update on the forecast outturn position will be reported in the quarter 3 budget monitoring report, when the mid-term class lists have been agreed with the schools.
- 4.6 The second quarter of 2016-17 has seen a further increase in the Element 3 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 expected to be met by the school. As at the 30th September, the forecast is showing an estimated overspend of £200,000. 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 a further 31 pupils in the second quarter of the year to a total of 277.
- 4.7 As a result of the SEND strategy and the move to ensure that mainstream schools are supported to meet the additional needs of pupils within mainstream, wherever possible, there has been an increase in the Element 3 top-up funding paid to mainstream schools, to support children with high needs. This greater inclusion increasingly enables children to be educated locally and amongst their peers, where appropriate.



- 4.8 With regard to the Element 3 top up funding for Alternative Provision, the forecast underspend of £100,000 reflects the position at the end of the summer term. Payments for the Autumn and Spring terms have yet to be made, which could result in a further increase in the forecast under spend position at the end of quarter 3.
- 4.9 The forecast overspend on the budget for children in Out of City placements has been increased by £83,000 to £270,000. This is due to the average cost of the placements rising from £43,328 in 2015-16 to £52,554 in 2016-17. The forecast also includes an 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 £66,500.
- 4.10 Whilst the post-16 student numbers have yet to be finalised early indications are showing an increase in the number of high needs students attending post-16 further education establishments (from 82 to 106), particularly in the age group 19 to 25 years old which has seen a 47% increase. Further work is being undertaken by the SEND Team, Adult Services and the further education establishments to ensure that the young people in the 19 to 25 age group are placed in a setting which is appropriate to their needs. Further details on this budget will be reported in the third quarter report when the student numbers will be confirmed; however initial indications are showing a further potential forecast overspend.
- 4.11 The forecast position as at the end of Quarter 2 does not include the additional funding allocation to Redwood Park School, which was agreed in October.

DSG and other Specific Grants

- 4.12 The variance in the DSG grant allocations relates to an in-year adjustment to the early years block based on the January 2016 census, together with a prior year adjustment. The number of 3&4 year old children accessing early education in the City has increased and the funding allocation from the DfE has been adjusted to reflect this.
- 4.13 Approval is sought to increase the budget for 3&4 year olds in Private, Voluntary and Independent settings and the DSG income by £293,000; in order to reflect the in-year increased funding allocation from the DfE.

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 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: