

Decision maker:	Schools Forum
Subject:	Dedicated Schools Grant Budget Monitoring Report for the First Quarter 2017/18
Date of decision:	27 September 2017
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 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 June 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 June 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 June 2017, together with the associated explanations contained within this report.
- 3.2 Endorse the decision to delegate authority to the Section 151 officer to make the necessary adjustments to Dedicated Schools Grant budgets throughout the year, to reflect the conversion of schools to academy status.

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

- 4.1 Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30th June 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	38,909	38,909	0
Secondary ISB	19,326	14,168	14,168	0
Special school place funding	1,558	1,558	1,568	10
Resource unit place funding	596	596	596	0
Alternative provision place funding	1,070	1,070	1,070	0
Total Devolved DSG	66,025	56,301	56,311	10
DSG : Retained				
De-Delegated Budgets, Growth Fund and centrally retained	1,358	1,631	1,473	(158)
Early Years	13,304	13,300	13,300	0
High Needs	11,726	11,726	12,100	374
Total Expenditure	92,413	82,958	83,184	226
DSG and other Specific Grants	(92,413)	(82,825)	(82,825)	0
DSG Brought Forward	0	(3,213)	(3,213)	0
DSG Carried Forward	0	3,080	2,854	(226)
Total Income DSG	(92,413)	(82,958)	(83,184)	(226)
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 4 academy conversions (Springfield, Solent Infant and Junior and Arundel Court) during the period 01st April to 30th June 2017. The revised budget includes the previously approved adjustments relating to these conversions. Since the end of quarter 1 three more schools have converted to academy status, Meon Junior, Moorings Way Infant and Highbury Primary all converted on 01st July. The associated budget adjustments will be reflected in quarter 2.

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 spring term class list, agreed by the SEN team and the school in April 2017. The class list showed that there is one additional place above the budgeted amount which has been assumed to continue throughout the 2017-18 financial year. Conversations with the school during quarter 2 are indicating that the pupil numbers are now likely to be the same as budgeted, should this be confirmed following the receipt and approval of the summer term class list, the forecast will be adjusted at the end of quarter 2.

De-delegated and growth fund

- 4.4 The forecast underspend of £158,000 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.
- 4.5 The growth fund allocations have been issued to schools and academies meeting the criteria for 2017-18. Since setting the budget a further Primary School is expected to expand to meet the basic need within the City which will result in the fund overspending by circa £33,000, payment to this school will be made in the autumn term once the pupil growth has been confirmed in September 2017.

Early Years

- 4.6 At the time of closing the first quarter accounts, the summer term pupil data was not available from the early year's settings and therefore we have continued to forecast to budget. Once received, the summer term pupil numbers will be used to provide an update to the forecast year-end financial position; which will be reported in the quarter 2 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. At the end of quarter 1 the work being undertaken as part of the special school banding exercise had yet to be completed. At this time it was not possible to predict the impact of any changes to pupils attending school for the remainder of the financial year on the element 3

funding for special schools and academies. Therefore the forecast outturn is shown as per the budget.

- 4.8 Further information about the impact of the banding exercise is contained within a separate report on the agenda.

Pupils with SEND in mainstream schools

- 4.9 The first 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 June 2017 the forecast is showing a predicted overspend of £250,000. The projected overspend is based on the current pupil information, together with a projection for anticipated growth from the September cohort of pupils. This forecast will be updated throughout the year as actual pupil details for the September cohort becomes available.

Out of City Placements

- 4.10 The actual expenditure for children in out of city placements is forecast to overspend the current budget by £100,000 in 2017-18. There are currently 42 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 increased slightly from £47,800 in 2016-17 to £49,000 as at the end of June 2017. The increase in the average cost is due to both inflationary increases which have been applied to some provider contracts, together with the full year effect of children placed part way through 2016-17.

5 Academy Programme

- 5.1 When a school converts to academy status the DSG budget is adjusted to take account of the reduction in the authority's allocation through recoupment by the DfE; along with adjustments to the Individual Schools Budget (ISB) and de-delegated budgets. As the number of schools converting to academy status, or considering converting to academy status is increasing the budgets have to be adjusted more frequently. Within the recommendations we are seeking endorsement of the decision by Cabinet Member to delegate the authority to the Section 151 officer to make the necessary adjustments to the DSG budgets throughout the year, to reflect the successful conversion of schools to academy status.
- 5.2 The academy conversions will continue be reported in the quarterly monitoring report but any adjustments to the budget will be posted as schools convert throughout the financial year.

6 Equality impact assessment (EIA)

- 6.1 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: