
DSG Outturn 2016/17 and Carry Forward to 2017/18

Report being considered by: Schools Forum
On: 19th June 2017
Report Author: Claire White
Item for: Decision **By:** All Forum Members

1. Purpose of the Report

- 1.1 To set out the actual deployment of the Dedicated Schools Grant (DSG) in 2016/17, explaining the main variances and to propose the amounts to be carried forward to 2017/18

2. Recommendation(s)

- 2.1 To approve the overall carry forward, and the utilisation of the unspent DSG funds being carried forward from 2016/17 to 2017/18 as set out in section 8 of the report.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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3. Introduction

- 3.1 The main source of funding for schools is the Dedicated Schools Grant (DSG). It is a ring fenced specific grant and can only be used on school/pupil activity. It is split between three funding blocks – schools, early years and high needs.
- 3.2 The majority of funding is delegated to schools, using national formula factors but applying local rates. The remainder is retained and spent centrally mainly on early years and specialist high needs provision, but also on some services for the benefit of all schools.
- 3.3 Centrally Retained Overspends, unless funded from outside the DSG, are carried forward and top sliced from the following year's DSG allocation. Under spends must be carried forward to support the school's budget in future years.
- 3.4 The Authority and Schools' Forum are responsible for ensuring that the DSG is deployed correctly, and monitoring of spend against the DSG needs to take place regularly to enable decision making on overspends/under spends and to inform future year budget requirements.
- 3.5 The Schools' Forum has received monitoring reports at each meeting held in the autumn and spring term during 2016/17.

4. Year End Position - Summary

- 4.1 Table 1 summarises the overall year end position for each DSG block, also comparing to the month 10 forecast which was used when setting the budget for 2017/18. The final position is an overall overspend of £345k, which is £656k less of

an overspend than the revised budget, and £362k less of an overspend than the month 10 forecast. The breakdown for each cost centre within each block is detailed in Appendix A.

TABLE 1	Final Budget after Virements + SSRs £'000	Actual Outturn £'000	Actual Variance £'000	Month 10 Forecast (used for 17/18 Budget) £'000	Difference (impact on 17/18 budget)
Schools Block	65,080	64,548	-532	-300	-232
Early Years Block	7,179	7,361	182	191	-9
High Needs Block	17,428	17,122	-306	-185	-121
Total DSG Expenditure	89,687	89,031	-656	-294	-362
DSG Grant	-88,686	-88,686	0		
Net Position	1,001	345	-656		

- 4.2 Table 2 is a breakdown of the outturn and variance on the DSG grant, split between each funding block.

TABLE 2	Final Budget £'000	Actual Outturn £'000	Actual Variance £'000
Underspend on Schools Block	0	-532	-532
Overspend on Early Years Block	207	389	182
Planned Overspend on High Needs Block	794	488	-306
Total	1,001	345	-656

- 4.3 Note that the final position on the Early Years Block is not notified by the DfE until June/July as it is partly based on the January 2017 census. It is expected that there will be a further reduction in grant of approximately £30k which will have an impact on the 2017/18 budget.

5. Schools Block

- 5.1 A breakdown of the variances in the schools block is shown in Table 3.

TABLE 3	Final Budget £	Actual Spend £	Actual Variance £	Specific Carry Forward	General Carry Forward
Primary schools in financial difficulty	332,600	137,930	-194,670	194,670	
Other de-delegated services	493,570	428,791	-64,779	64,779	
Growth fund/falling rolls fund	433,920	100,922	-332,998		332,998
Maintained primary & Secondary school delegations	63,298,150	63,366,460	+68,310		-68,310
Other centrally retained services	359,400	351,302	-8,098		8,098
Support Service Recharges	162,040	162,040	0		
Total Expenditure	65,079,680	64,547,445	-532,235	259,449	272,786

- 5.2 During 2016/17, just two schools received funding from the primary schools in financial difficulty de-delegated fund. It is proposed to add the unspent budget to the funding available in 2017/18 to help meet restructuring costs for schools in deficit – this would provide a total budget of £314,650 for 2017/18.
- 5.3 For this and all other de-delegated services, the only other option is to hold the carry forward in the current year's budget for each specific service, and use to reduce the cost of that de-delegated service to schools in the following year (in other words, to benefit only those schools that have pooled their budgets). This is the proposal for the other de-delegated services with an under spend – the virtual school service £42k, and behaviour support service £23k.
- 5.4 The overspend on maintained school delegations is due to actual business rates being higher than originally budgeted for in the school formula. For maintained schools the adjustment is carried out in year, whereas for Academies the DSG is adjusted in the following year.
- 5.5 In setting the 2017/18 budget it was assumed there would be an under spend of £300k on the growth/falling rolls fund, and this was allocated out to schools in the 2017/18 formula funding. Although this budget has under spent by an additional £33k, the other budgets are a net overspend of £60k. It is proposed that the net deficit of £27k on the schools block is carried forward.

6. Early Years Block

- 6.1 Table 4 summarises the outturn of the early years block. (Note that PPG is understated by £5,787 which is included in 3 & 4 year old funding).

TABLE 4	Final Budget £	Actual Spend £	Actual Variance £
3 & 4 year old funding	6,294,460	6,449,654	+155,194
2 year old funding	611,450	705,082	+93,632
PPG & deprivation funding	100,000	36,973	-63,027
Pre School Teacher Counselling	45,000	45,000	0
Early years support team	95,960	92,063	-3,897
Support Service Recharges	32,140	32,140	0
Total Expenditure	7,179,010	7,360,912	+181,902
DSG Grant	-6,971,630	-6,971,630	0
Net Total	+207,380	+389,282	+181,902

- 6.2 Early years funding is demand led, with providers claiming funding for actual hours of provision (up to 15 hours per child) at the hourly rate that has been set for the year. Funding through the DSG is based on the January census count, for 2016/17 based on five twelfths of the January 2016 census and seven twelfths of the January 2017 census. Both expenditure and funding is therefore variable and difficult to predict, and can produce significant variances when compared to the budget set.
- 6.3 The actual numbers of hours of provision for 2, 3, and 4 year olds was greater than the budget, but will not be matched by an increase in DSG funding, hence the £389k overspend, £182k greater than the budgeted overspend. In addition, it is predicted that there will be a claw back of grant of approximately £30k in 2017/18, not included in the outturn figures; the 2017/18 budget will be adjusted when the final figure is notified.
- 6.4 The net overspend of £182k is mainly due to the fact that funding is based on the January census, yet this has not represented the actual “average” count for the year, with summer numbers being significantly higher than the January average. It can also be due to higher hours of provision at the higher funding rate rather than the average (budgeted) funding rate. The £207k budgeted shortfall in DSG grant is due to the clawback of 2015/16 funding.
- 6.5 The month 10 forecast was for a overspend of £398k, and this figure was assumed in determining the resources available in setting the 2017/18 early years block

budget. The actual overspend is £9k lower. It is proposed to reduce the budgeted overspend accordingly, but to bear in mind that this will change again when the final early years DSG for 2016/17 is announced by the DfE later in June.

7. High Needs Block

- 7.1 Table 5 summarises the outturn of the high needs block, listing separately both the high cost and demand led/unpredictable services.

TABLE 5	Final Budget £	Actual Spend £	Actual Variance £
Place Funding	4,153,330	4,153,334	+4
Top Up funding – WBC schools	4,722,430	4,607,928	-114,502
Top up funding – non WBC schools	3,618,770	3,377,868	-240,902
Top up funding – Further Education	832,650	753,033	-79,617
Top up funding - PRUs	1,033,340	1,292,642	+259,302
Disproportionate funding	127,690	114,033	-13,657
Home Tuition	300,000	358,551	+58,551
Engaging Potential	540,260	476,407	-63,853
Hospital Tuition	20,000	43,107	+23,107
Sensory Impairment	238,800	198,866	-39,934
Therapy Services	324,430	293,320	-31,110
Vulnerable Children funding	60,000	36,021	-23,979
Other centrally retained high needs budgets	929,540	890,163	-39,377
Support Service Recharges	526,710	526,710	0
Total Expenditure	17,427,950	17,121,983	-305,967
DSG Grant	-16,633,200	-16,633,200	0
Net Total to carry forward	+794,950	+488,783	-305,967

- 7.2 The main overspend in the high needs budget is the PRU top ups. This is due to a high number of places taken by sixth form pupils which are funded 100% by the high needs budget, a high number of pupils receiving exceptional needs additional funding, and the fact that pupils are staying in the reintegration service for longer (the high needs budget picks up 100% of the cost after 12 weeks).
- 7.3 The other main areas of overspend are home tuition and hospital tuition. The home tuition budget was affected by an increase in pupils accessing the service together with an inability to provide group work due to PRU premises. This is expected to change next year when the home tuition budget and service undergoes a review. The small hospital education budget was in response to a change in national legal and financial arrangements whereby Local Authorities became responsible for pupils who are sent by Health to specialist mental health settings. This is difficult to predict but for 2017/18 the budget has been set at the 2016/17 level of spend.
- 7.4 Overall, the high needs budget was £306k under spent compared to budget, with non WBC top ups being the largest under spend. This is largely because Thames Valley Free School is now full and could not take additional pupils, so the expenditure incurred at this school last year wasn't repeated. Expenditure on non West Berkshire placements continues to reduce due to investing in more in house provision. Much work has taken place in driving contract costs down and minimising placements, such as for the Sensory Consortium and therapy services. The saving at Engaging Potential is due to selling places for pupils living outside the LA.
- 7.5 The Vulnerable Children's Fund (VCF) under spent by £24k. The amount of funding available to spend in 2016/17 increased to £98k due to a carry forward from 2015/16 of £38k in exclusions savings. It is requested that this under spend be carried forward due to the £20k reduction in the current year budget.
- 7.6 The original budget set an overspend of £795k. At month 10 the forecast was for a net overspend of £610k, and this figure was assumed as needing to be met from the 2017/18 high needs block grant. The actual is £489k, which is £121k lower. As the 2017/18 high needs budget has been set with a £584k overspend, it is proposed to reduce this budgeted overspend accordingly. If the transfer of under spend on the VCF is agreed this will then reduce the planned DSG carry forward of overspend at the end of 2017/18 by £97k to £487k).

8. Summary of the Carry Forward Proposals

- 8.1 Table 6 details the 2017/18 budget virements to reflect the net reduction in DSG resources carried forward to 2017/18 as proposed in the detail of each block in the preceding paragraphs. This is a net total of £345k, compared to the reduction of £708k assumed when setting the 2017/18 budget.

TABLE 6	Original Budget 2017/18 £	Virement £	Revised Budget 2017/18 £
Primary schools in financial difficulty (90230)	119,980	194,670	314,650
Virtual Schools Service	210,580	41,450	252,030

(90255)			
Behaviour Support (90349)	193,860	23,330	217,190
Vulnerable Childrens Fund (90961)	40,000	23,980	63,980
Sub Total Specific Service Budgets		283,430	
DSG b/f grant (L990W)	708,080	-363,560	344,520
DSG assumed 17/18 year end c/f grant (L999W schools block)	0	-25,910	-25,910
DSG assumed 17/18 year end c/f grant (L999W early years block)	-260,200	8,930	-251,270
DSG assumed 17/18 year end c/f grant (L999W high needs block)	-583,980	97,110	-486,870
DSG to be received in year	-90,890,570	0	-90,890,570
Sub Total DSG grant	-91,026,670	-283,430	-91,310,100

- 8.2 Due to overestimating by £363k the overspend to be carried forward, the effect on the DSG budget if the proposals are agreed is an increase of £283k in various service budgets as detailed in the report, and an overall reduction of £80k in the budgeted overspend of grant at the end of 2017/18.

9. Conclusion

- 9.1 The final variance compared to the month 10 forecast of £363k is insignificant when based on a percentage of total expenditure, but is sizeable enough in that it could have made a difference when setting the 2017/18 budget, particularly for high needs. It shows how some forecasts even late in the year can be unpredictable, particularly for demand driven expenditure.
- 9.2 It is good news that the predicted deficit for the end of 2016/17 reduced by £656k and closed at a modest £345k, and is partly due to the continued work of officers to drive costs down wherever possible. This has enabled a small offset to the predicted deficit for 2017/18.

10. Appendices

Appendix A – Dedicated Schools Grant 2016-17 Final Outturn

Appendix A

Dedicated School's Grant (DSG) Final Outturn 2016-17								
Budget manager	Cost Centre	Description	Original Budget	Net Virements In year	Amended Budget	Actual Outturn 2016-17	Variance	Comments
Ian Pearson	90019	DSG Servicing of Schools' Forum	42,220.00		42,220.00	41,058.82	-1,161.18	Members Expenses Underspend
Ian Pearson	90020	Primary Schools	47,945,750.00	-160,770.00	47,784,980.00	47,879,149.32	94,169.32	Rates adjustments in year
Ian Pearson	90025	Secondary Schools	16,477,900.00	-964,730.00	15,513,170.00	15,487,310.42	-25,859.58	Rates adjustment including rates saving from JOG transfer to Academy.
Rob O'Reilly	90112	Special Costs Primary - closed	34,790.00	-34,790.00	0.00	0.00	0.00	
Rob O'Reilly	90117	Special Costs Secondary - closed	11,970.00	-11,970.00	0.00	0.00	0.00	
Rob O'Reilly	90113	Trade Union Costs - New	0.00	46,760.00	46,760.00	46,760.00	0.00	
Ian Pearson	90230	Schools in Financial Difficulty	117,320.00	215,280.00	332,600.00	137,930.00	-194,670.00	Two approvals to Schools in year, plus 'Budget Advice' funding as agreed by Schools Forum.
Ian Pearson	90235	Growth Fund/Falling Rolls Fund	290,000.00	143,920.00	433,920.00	100,922.00	-332,998.00	Four approvals in year. £300k of underspend agreed by SF to be allocated to schools in 17/18 formula
Maxine Slade	90255	Virtual School Service	229,130.00	3,150.00	232,280.00	190,836.00	-41,444.00	Underspend in Employees due to vacancies and subsequent scaling down of activities. 2015-16 Carry Forward underspend also factored in.
Cathy Burnham	90349	Behaviour Support - DSG	203,890.00	10,640.00	214,530.00	191,195.21	-23,334.79	Employee vacancies and 2015/16 Carry Forward of surplus.
Caroline Corcoran	90583	CLAMPA Licences	126,780.00		126,780.00	126,784.19	4.19	
Caroline Corcoran	90743	Admissions	190,400.00		190,400.00	183,459.24	-6,940.76	Supplies and Services underspend
Schools Block Total			65,670,150.00	-752,510.00	64,917,640.00	64,385,405.20	-532,234.80	
Ian Pearson	90010	Nursery Schools	779,380.00		779,380.00	779,853.00	473.00	
Avril Allenby	90017	Early Years Support Team	95,960.00		95,960.00	92,062.97	-3,897.03	Employees underspend
Avril Allenby	90018	Expenditure on 2 year olds	611,450.00		611,450.00	705,082.40	93,632.40	Actual Hours of Provision more than budget
Avril Allenby	90036	Early Years Funding for PVI	4,382,000.00		4,382,000.00	4,554,292.52	172,292.52	Actual Hours of Provision more than budget
Ian Pearson	90037	Early Yrs Funding Maintained Sector	1,133,080.00		1,133,080.00	1,115,508.00	-17,572.00	
Avril Allenby	90052	Early Years FPG & Deprivation Funding	100,000.00		100,000.00	36,973.37	-63,026.63	Low take up of Premium
Rhian Ireland	90287	Pre School Teacher Counselling	45,000.00		45,000.00	45,000.00	0.00	
Early Years Block Total			7,146,870.00	0.00	7,146,870.00	7,328,772.26	181,902.26	
Nicola Ponton	90026	Academy Schools RU Top Ups	546,760.00		546,760.00	483,102.00	-63,658.00	Fewer EHC Plans requiring Top Up Funding
Nicola Ponton	90539	Special Schools - Top Up Funding	3,142,550.00		3,142,550.00	3,108,607.00	-33,943.00	Demand Led - not as many additional places required as anticipated
Nicola Ponton	90548	Non WBC Special Schools - Top Up Funding	1,068,100.00		1,068,100.00	904,043.14	-164,056.86	Alternative settings used due to Thames Valley Free School being full.
Nicola Ponton	90575	Non LEA Special School (OofA)	750,950.00		750,950.00	790,409.60	39,459.60	Demand Led
Nicola Ponton	90579	Independent Special School Place & Top Up	1,683,500.00		1,683,500.00	1,588,161.27	-95,338.73	Savings due to late starters
Nicola Ponton	90580	Further Education Colleges Top Up	832,650.00		832,650.00	753,033.32	-79,616.68	Reduced costs negotiated by SEN Team.
Nicola Ponton	90617	Resourced Units top up Funding Maintained	367,910.00		367,910.00	306,091.00	-61,819.00	Lower number of pupils than budgeted
Nicola Ponton	90618	Non WBC Resourced Units - Top Up Funding	50,000.00		50,000.00	34,037.11	-15,962.89	Demand Led
Nicola Ponton	90621	Mainstream - Top Up Funding maintained	480,420.00		480,420.00	526,027.15	45,607.15	Increased number receiving Top Up funding in Nursery places.
Nicola Ponton	90622	Mainstream - Top Up Funding Academies	184,790.00		184,790.00	184,101.06	-688.94	Demand Led
Nicola Ponton	90624	Non WBC Mainstream - Top Up Funding	66,220.00		66,220.00	61,217.16	-5,002.84	Demand Led
Cathy Burnham	90625	Pupil Referral Units - Top Up Funding	1,033,340.00		1,033,340.00	1,292,642.00	259,302.00	Pupils placed from other Specialist SEN Settings and Post 16 places not funded by School Contribution. High number of pupils placed with 'Exceptional' Banding
Nicola Ponton	90627	Disproportionate No. of HN Pupils NEW	127,690.00		127,690.00	114,033.00	-13,657.00	Demand led
High Needs Block: Top Up Funding Total			10,334,880.00	0.00	10,334,880.00	10,145,504.81	-189,375.19	
Cathy Burnham	90320	Pupil Referral Units	840,000.00		840,000.00	840,000.00	0.00	
Ian Pearson	90540	Special Schools	2,860,000.00		2,860,000.00	2,860,000.00	0.00	
Nicola Ponton	90584	Resourced Units - Place Funding	470,830.00	-17,500.00	453,330.00	453,334.00	4.00	Spennamoor Transfer
High Needs Block: Place Funding Total			4,170,830.00	-17,500.00	4,153,330.00	4,153,334.00	4.00	
Rhian Ireland	90238	Sen Pre School Childrn	50,210.00		50,210.00	41,879.81	-8,330.19	Unexpected low uptake in the Autumn Term
Nicola Ponton	90240	Applied Behaviour Analysis	76,130.00		76,130.00	77,947.03	1,817.03	Demand Led
Rhian Ireland	90280	Cognitive and Learning Team	300,280.00	-27,840.00	272,440.00	271,247.34	-1,192.66	Supplies and Services underspend
Rhian Ireland	90288	Elective Home Education Monitoring - New	0.00	27,840.00	27,840.00	22,751.28	-5,088.72	Exam Grant uptake from parents lower than expected.
Jane Seymour	90289	Learning Independence for Travel	40,000.00		40,000.00	16,670.40	-23,329.60	Recruitment to post later than expected.
Jane Seymour	90290	Sensory Impairment	238,800.00		238,800.00	198,866.20	-39,933.80	Due to Joint Arrangement costs negotiations. Refunds of £14.5k in relation to previous years.
Jane Seymour	90295	Therapy Services	324,430.00		324,430.00	293,320.12	-31,109.88	Due to Contract negotiations.
Cathy Burnham	90315	Home Tuition	300,000.00		300,000.00	358,550.96	58,550.96	Due to high numbers of pupils increase in Supply Teachers' costs.
Rhian Ireland	90555	LAL Funding	116,200.00		116,200.00	116,200.00	0.00	
Nicola Ponton	90565	Equipment For SEN Pupils	20,000.00		20,000.00	18,660.80	-1,339.20	Demand led
Jane Seymour	90577	SEN Commissioned Provision	540,260.00		540,260.00	476,407.34	-63,852.66	Two places funded by Other LA's
Cathy Burnham	90582	PRU Outreach	117,000.00		117,000.00	117,000.00	0.00	
Jane Seymour	90585	HN Outreach Special Schools	70,000.00		70,000.00	70,000.00	0.00	
Nicola Ponton	90610	Hospital Tuition	20,000.00		20,000.00	43,107.00	23,107.00	Specialist Hospital Tuition for WBC pupils
Rhian Ireland	90830	ASD Teachers	139,720.00		139,720.00	137,805.88	-1,914.32	Employees underspend
Cathy Burnham	90961	Vulnerable Children	60,000.00		60,000.00	36,020.82	-23,979.18	Outturn includes use of 2015-16 Carried Forw and surplus. Carry Forw and of 2016-17 surplus to be requested.
High Needs Block: Non Top Up or Place Funding			2,413,030.00	0.00	2,413,030.00	2,296,434.78	-116,595.22	
High Needs Block Total			16,918,740.00	-17,500.00	16,901,240.00	16,595,273.59	-305,966.41	
Total Expenditure across funding blocks			89,735,760.00	-770,010.00	88,965,750.00	88,309,451.05	-656,298.95	
SUPPORT SERVICE RECHARGES			720,890.00		720,890.00	720,890.00	0.00	
TOTAL DSG EXPENDITURE			90,456,650.00	-770,010.00	89,686,640.00	89,030,341.05	-656,298.95	