
DSG Outturn 2017/18 and Carry Forward to 2018/19

Report being considered by: Schools Forum on 18th June 2018
Report Author: Wendy Howells
Item for: Recommendation **By:** All Forum Members
on

1. Purpose of the Report

- 1.1 To set out the actual deployment of the Dedicated Schools Grant (DSG) in 2017/18, explaining the main variances and to propose the amounts to be carried forward to 2018/19

2. Recommendation

- 2.1 To approve the overall carry forward, and the utilisation of the unspent DSG funds being carried forward from 2017/18 to 2018/19 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 currently 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. 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 over spends, 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 schools' 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 over/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 2017/18.

4. Year End Position - Summary

- 4.1 Table 1 summarises the overall year end position for each DSG block, also comparing to the Month Ten forecast which was used when setting the budget for 2018/19. The final position is an overall overspend of £14k. The final budget 2017/18 was set at an over spend of £844k so the final outturn is £787k better than

the planned over spend and £689k better than the forecast over spend of £702k at Month Ten . The breakdown for each cost centre within each block is detailed in Appendix A.

Table 1 - 2017/18 Year End Outturn - Breakdown by Funding Block								
Funding Block	Original Budget for Year	Virements	Final Budget for Year	Actual (period 13)	Variance	Planned b/f in budget 2018/19	Difference (to be adjusted in 2018/19 Budget)	
Schools Block								
Expenditure	64,027,040	259,450	64,286,490	63,846,712	-439,778			
SSRs	333,800	0	333,800	333,800	0			
Total Expenditure	64,360,840	259,450	64,620,290	64,180,512	-439,778			
Grant	-64,360,840	-232,710	-64,593,550	-64,593,548	2			
Net Position (planned carry forward)	0	26,740	26,740	-413,036	-439,776	97,600	-510,636	
Early Years Block								
Expenditure	8,982,690	0	8,982,690	8,452,978	-529,712			
SSRs	43,690	0	43,690	43,690	0			
Total Expenditure	9,026,380	0	9,026,380	8,496,668	-529,712			
Grant	-8,766,180	23,470	-8,742,710	-8,378,718	363,992			
Net Position (planned carry forward)	260,200	23,470	283,670	117,950	-165,720	33,016	84,934	
High Needs Block								
Expenditure	17,493,810	23,980	17,517,790	17,336,212	-181,578			
SSRs	145,640	0	145,640	145,640	0			
Total Expenditure	17,639,450	23,980	17,663,430	17,481,852	-181,578			
Grant	-17,055,470	-117,750	-17,173,220	-17,173,217	3			
Net Position (planned carry forward)	583,980	-93,770	490,210	308,635	-181,575	564,640	-256,005	
Total								
Expenditure	90,503,540	283,430	90,786,970	89,635,902	-1,151,068			
SSRs	523,130	0	523,130	523,130	0			
Total Expenditure	91,026,670	283,430	91,310,100	90,159,032	-1,151,068			
Grant	-90,182,490	-326,990	-90,509,480	-90,145,483	363,997			
Net Position (planned carry forward)	844,180	-43,560	800,620	13,549	-787,071	695,256	-681,707	

4.2 Note that the final grant allocation for the Early Years Block is not notified by the Department for Education (DfE) until June/July as it is partly based on the January 2018 census. It is expected that there will be a further reduction in grant of approximately £364k; this adjustment has been accounted for in the 2017 outturn position for the Early Years Block.

5. Schools Block

5.1 A breakdown of the variances in the schools block is shown in Table 2:

TABLE 2	Final Budget £	Actual Spend £	Actual Variance £	Utilised for 2018/19 Budget	Unutilised Variance £
Primary schools in financial difficulty	314,650	55,551	-259,099	0	-259,099
Other de-delegated services	660,440	575,743	-84,697	50,990	-33,707
Growth fund/falling rolls fund	202,000	126,287	-75,713	0	-75,713
Maintained primary & Secondary school delegations	61,837,750	61,917,436	79,686	0	79,686
School improvement	223,240	149,830	-73,410	0	-73,410
Other centrally retained services	1,048,410	1,021,865	-26,545	0	-26,545
Support Service Recharges	333,800	333,800	0	0	0
Total Expenditure	64,620,290	64,180,512	-439,778	50,990	-388,788

Brought forward under spends from 2016/17 are included in the total actual variance. It has already been agreed by Schools Forum to utilise £38k and £13k of the 2016/17 brought forward variance in Ethnic and Minority Bilingual Learners and Behaviour Support respectively to reduce the cost to schools for these services in 2018/19. This reduces the overall amount of under spend available.

5.2 During 2017/18, five schools received funding from the primary schools in financial difficulty de-delegated fund as follows:

- Long Lane - £23,420
- St John the Evangelist - £6,000
- The Willows - £300
- John Rankin - £400
- Beenham - £25,430

5.3 The unspent budget of £259,099 may be added to the funding available in 2018/19 to help meet restructuring costs for schools in deficit – this would provide a total budget of £379,120.

5.4 For this and all other de-delegated services, (the un-utilised) funding can be carried forward to the following funding period as with any other centrally retained budget. There is an option to use the under spend specifically (as one off expenditure) in the current year's budget for each specific service, or 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). Any carried forward over spends can be funded from the unspent budgets or carried forward to increase the charge to schools in 2019/20. The amounts in question to be utilised are:-

- Support to Ethnic and Minority and Bilingual Learners - £35,170
- Behaviour Support - £4,500
- Growth Fund - £75,710
- School improvement - £73,410

- Statutory and Regulatory Duties – (£5,960) over spend

School improvement is funded via a new school improvement grant and therefore the under spend of £73,410 relating to school improvement could be used to either fund additional school improvement services or increase the budget of any other de-delegated service or be carried forward to the next funding period to reduce the cost of de-delegations in 2019/20.

- 5.5 Any DSG underspend brought forward from the previous year can be used to support the growth fund in the schools block, the central school services block, the high needs block, or the early years block following consultation with the Schools' Forum.
- 5.6 The over spend 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.

6. Early Years Block

Table 4 summarises the outturn of the Early Years Block.

TABLE 3	Final Budget £	Actual Spend £	Actual Variance £
3 & 4 year old funding	7,884,600	7,407,069	-477,531
2 year old funding	713,430	698,935	-14,495
PPG & deprivation funding	39,900	50,779	10,879
Pre School Teacher Counselling	45,000	45,000	0
Early years support team	206,310	192,000	-14,310
Early Years Inclusion Fund	75,000	51,200	-23,800
Disability Access Fund	18,450	7,995	-10,455
Support Service Recharges	43,690	43,690	0
Total Expenditure	9,026,380	8,496,668	-529,712
DSG Grant	-8,742,710	-8,378,718	363,992
Net Total	283,670	117,950	-165,720

- 6.1 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 for 2017/18 is based five twelfths on the January 2017 census and seven twelfths on the January 2018 census. A new entitlement to an additional 15 hours of free provision for working parents of 3 and 4 year olds was also introduced from September 2017. For these reasons expenditure and funding is variable and difficult to predict, and can produce significant variances when compared to the budget set.
- 6.2 Take up of the additional 15 hours particularly in the autumn, and to a lesser extent the spring term, was lower than the amount originally budgeted for (which was

based on the DfE forecast of take up). This is the main reason why total payments to providers in 2017/18 were £481,000 below budget. In addition, a vacancy arose in the Early Years Support team in the spring term and demand for the Early Years Inclusion and Disability Access funds were lower than expected. Overall expenditure from the Early Years Block was, therefore, £529,000 below budget.

- 6.3 The final level of funding for early years in 2017/18 is based on the January 2018 census. As the take up of additional hours was higher in the spring term than in the autumn term, the estimated final level of funding for the Early Years Block is only £364,000 below the budgeted level, giving an estimated deficit for the Early Years Block at the end of 2017/18 of £118,000.
- 6.4 The final estimated deficit position is £85k higher than the level forecast at month 10 of £33k, because of adjustments to provider payments which were made in February and March 2018. This may mean that the deficit position at the end of 2018/19 will be higher than has been budgeted for. However the 2018/19 position will be affected by the final amount of grant for Early Years for 2017/18 which will be confirmed in June or July 2018. The 2018/19 Early Years budget also allows for further growth in the take up of the additional 15 hours entitlement which is difficult to estimate. The 2018/19 budget position will need to be reviewed in the autumn term, when we have a better indication of the level of take up of additional hours, and it may then be necessary to amend Early Years spending plans for 2019/20.

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 4	Final Budget £	Actual Spend £	Actual Variance £
Place Funding	3,945,000	3,945,000	0
Top Up funding – WBC schools	4,933,690	4,994,350	60,660
Top up funding – non WBC schools	4,112,680	3,906,715	-205,965
Top up funding – Further Education	1,309,890	1,155,852	-154,038
Top up funding - PRUs	875,870	1,086,906	211,036
Disproportionate funding	100,000	100,972	972
Home Tuition	345,000	320,100	-24,900
Engaging Potential	455,160	456,177	1,017
Hospital Tuition	45,000	1,646	-43,354
Sensory Impairment	215,710	221,312	5,602
Therapy Services	267,460	266,257	-1,203
Vulnerable Children funding	63,980	63,980	0
Other centrally retained high needs budgets	848,350	816,945	-31,405
Support Service Recharges	145,640	145,640	0
Total Expenditure	17,663,430	17,481,852	-181,578
DSG Grant	-17,173,220	-17,173,217	3
Net Total to carry forward	490,210	308,635	-181,575

- 7.2 The main overspend in the high needs budget is the PRU top ups. This is due to the number and length of placements, the fact that there were SEN pupils from other specialist settings and the delayed increased contributions from schools.
- 7.3 The other main area of overspend is top up funding for WBC schools because of the increasing numbers of children moving from mainstream schools in to the Authority's two special schools, The Castle and Brookfields.
- 7.4 The High Needs budget was set at a £490k over spend position and achieved a £309k over spend at year end ie £182k better than planned, with the top up funding for Further Education being the largest contributor to the improved position. This is largely because of an overestimate of Newbury College costs in 2017-18.
- 7.5 The Home Tuition and Hospital Tuition budgets under spent by £25k and £43k respectively compared to their plan The Home Tuition under spend is in relation to reduced need for supply teachers. The Hospital Tuition budget pays for children who are in hospital on more than a short term basis due to physical or mental health needs and who require education during that time. This can include hospital stays in a range of areas depending on the type of medical need. The Local Authority has no involvement in decisions about hospital placements, so demand on this budget cannot be predicted and varies significantly from year to year. There have been no notifications of children in hospital who have received education in the 2017-18 financial year which is why this budget remains unspent.

- 7.6 The budget for non-West Berkshire special school placements was underspent due to pupil movements during the financial year, including the need to remove some students from a failing SEMH school in a neighbouring Local Authority and place them elsewhere.
- 7.7 The original 2017/18 budget set an over spend of £490k. At month 10 the forecast was for a net overspend of £565k, and this figure was assumed as needing to be met from the 2018/19 high needs block grant. The actual over spend position is £309k, which is £256k lower.

8. Summary of the Carry Forward Proposals

- 8.1 As the 2018/19 high needs budget has been set with a £565k overspend, but the actual position is £256k better off therefore it is proposed to use £156k of this to reduce the deficit in 2018/19 and to utilise £100k in invest to save proposal(s) to lower the ongoing cost of the high Needs Block.
- 8.2 Table 5 details the 2018/19 proposed budget virements to reflect the net reduction in DSG resources carried forward to 2018/19 as proposed in the detail of each block in the preceding paragraphs. This is a net total of £14k, compared to the reduction of £695k assumed when setting the 2018/19 budget.

TABLE 5	Original Budget 2018/19 £	Virement Agreed £	Virement Proposal £	Revised Budget 2018/19 £
Primary schools in financial difficulty	120,020	0	259,100	379,120
All other de-delegations	543,020	50,990	33,710	627,720
To be allocated - Growth Fund	205,000		75,710	280,710
To be allocated - School Improvement	0		73,410	73,410
Sub Total Specific Service Budgets		50,990	441,930	
DSG b/f grant (L990W)	695,256		-681,710	13,546
DSG assumed 18/19 year end c/f grant (L999W schools block)	0		44,260	44,260
Central Services Block	0		-26,550	-26,550
DSG assumed 18/19 year end c/f grant (L999W early years block)	47,860		-84,930	-37,070
DSG assumed 18/19 year end c/f grant (L999W high needs block)	-702,900		156,010	-546,890
To be allocated - High Needs			100,000	100,000
Sub Total General Budgets				
DSG to be received in year	-92,818,660			-92,818,660
Sub Total DSG grant	-91,026,670		-492,920	-91,310,100

- 8.3 Due to overestimating by £682k the over spend to be carried forward, the effect on the DSG budget if the proposals are agreed is an increase of £493k (including increases already agreed) in various service budgets as detailed above. If the proposal to invest to save a sum of £100k from the High Needs budget this will be held in a separate fund in order to monitor specific spend; if not agreed this will reduce the amount of the High Needs over spend forecast for 2018/19.

9. Conclusion

- 9.1 The final variance compared to the month 10 forecast is £682k which is approximately 0.8% of the whole DSG grant. This has had a substantial impact on the overall budget position for the High Needs Block, reducing the planned over spend position from £703k down to £447k and an overall reduction of £189k in the budgeted overspend of grant at the end of 2018/19.

10. Appendices

Appendix A – Dedicated Schools Grant 2017-18 Final Outturn