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# 2018/19 Dedicated Schools Grant: Year End Outturn Report

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**Report being considered by:** Schools Forum on 17<sup>th</sup> June 2019  
**Report Author:** Melanie Ellis  
**Item for:** Decision **By:** All Forum Members

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## 1. Purpose of the Report

- 1.1 To report on the outturn of the services funded by the Dedicated Schools Grant (DSG), highlighting any under or over spends, and to highlight the reserves deficit at 31 March 2019.
- 1.2 To approve the use of de-delegated reserves to support future budgets.

## 2. Recommendation

- 2.1 That the report be noted and that the use of de-delegated reserves is approved.

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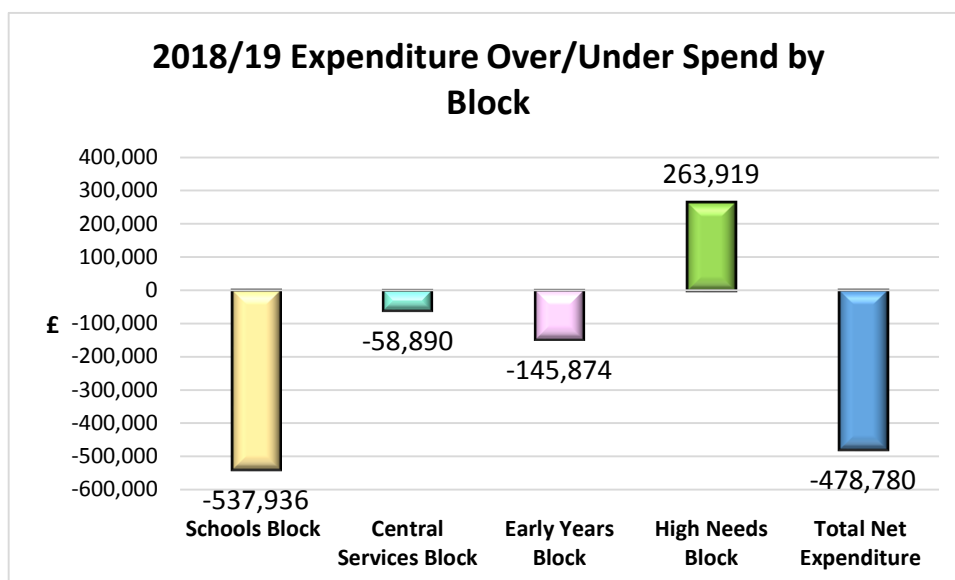
## 3. Background

- 3.1 The Dedicated Schools Grant (DSG) is a ring fenced specific grant which can only be spent on school/pupil activity as set out in The School and Early Years Finance (England) Regulations 2018. There are four DSG funding blocks: Schools, High Needs, Early Years and Central Schools Services.
- 3.2 The Local Authority and Schools' Forum are responsible for ensuring that the DSG is deployed correctly according to the Regulations. Monitoring of spend against the grant needs to take place regularly to enable decision making on over spends/under spends and to inform future year budget requirements.
- 3.3 Over spends, unless funded from outside the DSG, should be recovered by top slicing the following year's DSG allocation. Under spends must be used to support the schools' budget in future years.

#### 4. Year End Outturn

Total All Blocks: 2018/19 outturn	Plan	Outturn	Variance
	£'000	£'000	£'000
2017/18 Deficit Recovery	14	14	0
Funding	-92,372	-92,257	115
<b>Total Funds</b>	<b>-92,358</b>	<b>-92,243</b>	<b>115</b>
<b>Total Expenditure</b>	<b>92,822</b>	<b>92,343</b>	<b>-479</b>
<b>Deficit balance at 31.3.2019</b>	<b>464</b>	<b>100</b>	<b>-364</b>

- 4.1 At year end, overall DSG funding received was £115k less than budgeted, but expenditure was underspent by £479k, resulting in a deficit reserve of £100k. The expenditure variance by block is shown in the chart below:



#### 5. Schools Block

Schools Block: 2018/19 outturn	Plan	Outturn	Variance
	£'000	£'000	£'000
Use of 2017/18 surplus balance	-386	-386	0
Funding	-64,153	-64,162	-9
<b>Total Funds</b>	<b>-64,539</b>	<b>-64,548</b>	<b>-9</b>
<b>Total Expenditure</b>	<b>64,445</b>	<b>63,906</b>	<b>-539</b>
<b>Surplus balance at 31.3.2019</b>	<b>-94</b>	<b>-642</b>	<b>-548</b>

- 5.1 The 2018/19 budget was funded from DSG grant of £64.1m.

- 5.2 At year end, overall DSG funding received was £9k more than budgeted, and expenditure was underspent by £539k, resulting in a surplus reserve of £642k. Underspends arose from rates adjustments and from unspent fund balances. The table below shows the year end reserve balance.

Schools Block Reserve	31.3.18	Movement	31.3.19
	£'000	£'000	£'000
Schools in Financial Difficulty	-259	7	-252
Growth Fund	-76	-117	-193
School Improvement	-41		-41
EMTAS	-35	-10	-45
BST	-4	2	-2
Schools (re rates adj)	-18	-91	-109
<b>Total School Block Reserve at 31.3.19</b>	<b>-433</b>	<b>-209</b>	<b>-642</b>

- 5.3 Approval is sought in this report for de-delegated surplus balances to be used to support future budgets.

## 6. Early Years Block

Early Years Block: 2018/19 outturn	Plan	Outturn	Variance
	£'000	£'000	£'000
2017/18 Deficit Recovery	117	117	0
Funding	-9,608	-9,253	355
<b>Total Funds</b>	<b>-9,491</b>	<b>-9,136</b>	<b>355</b>
<b>Total Expenditure</b>	<b>9,528</b>	<b>9,383</b>	<b>-145</b>
<b>Deficit balance at 31.3.2019</b>	<b>37</b>	<b>247</b>	<b>210</b>

- 6.1 At year end, overall DSG funding received was £355k lower than budgeted as a result of the 2017/18 final grant notification. This will be clawed back from 2019/20 budgets. Expenditure was underspent by £145k. The result is a deficit reserve of £247k.
- 6.2 The Early Years Block is difficult to predict due to the volatile nature of both the funding (the final grant allocation is determined by the January 2019 census), and payments to providers (payments are made according to actual number of hours of provision each term).
- 6.3 The majority of the underspend was on two year old spend (£150k), as the result of changes to universal credit reducing the number of eligible children.

## 7. Central Schools Services Block

Central Services Block: 2018/19 outturn	Plan	Outturn	Variance
	£'000	£'000	£'000
Use of 2017/18 surplus balance	-26	-26	0
Funding	-1,054	-994	60
<b>Total Funds</b>	<b>-1,080</b>	<b>-1,020</b>	<b>60</b>
<b>Total Expenditure</b>	<b>1,053</b>	<b>994</b>	<b>-59</b>
<b>Surplus balance at 31.3.2019</b>	<b>-27</b>	<b>-26</b>	<b>1</b>

- 7.1 The budget for this new Block was built after transferring funding from the Early Years Block and High Needs Block towards paying for the central services that are carried out on behalf of settings within these blocks. There was a £27k brought forward under spend from 2017/18 which has been adjusted within this budget.
- 7.2 At year end, overall DSG funding received was £60k lower than budgeted. Expenditure was underspent by £59k. The result is a surplus reserve of £26k.
- 7.3 Underspends were largely due to a lower than budgeted charge for Copyright Licenses and a reduction in administration costs for the Capita IT system.
- 7.4 Schools Forum previously agreed that the surplus balance would be used to support the 2019/20 budget.

## 8. High Needs Block

High Needs Block: 2018/19 outturn	Plan	Outturn	Variance
	£'000	£'000	£'000
2017/18 Deficit Recovery	308	308	0
Funding	-17,557	-17,847	-290
<b>Total Funds</b>	<b>-17,249</b>	<b>-17,539</b>	<b>-290</b>
<b>Total Expenditure</b>	<b>17,796</b>	<b>18,060</b>	<b>264</b>
<b>Deficit balance at 31.3.2019</b>	<b>547</b>	<b>521</b>	<b>-26</b>

- 8.1 The 2018/19 budget was set with a £547k over spend: £447k initially agreed and increased by £100k for invest to save proposals.
- 8.2 At year end, overall DSG funding received was £290k higher than budgeted, largely as a result of an additional £380k of high needs funding allocated by government for 2018/19 in recognition of the cost pressures in the high needs block, offset by lower than predicted import export adjustment.
- 8.3 Expenditure was overspent by £264k. The result is a deficit reserve of £521k.

#### 8.4 The main variances against expenditure are as follows:

- £41k overspend in Applied Behaviour Analysis which represents the number of learners requiring bespoke packages to meet their needs.
- £69k overspend in Sensory Impairment due to increased costs within the Joint Arrangement with the Royal Borough of Windsor and Maidenhead and an income target of £27k which has been set but not been achieved.
- £36k overspend in Therapy Services due to a lower than expected saving in the contract cost.
- £32k overspend in SEN Commissioned Provision largely as a result of £31k under achievement in income due to a place being filled by a WBC pupil. Savings will be realised elsewhere as a result of placing pupils in our own provision. There is also an over spend on the repairs and maintenance budget.
- £173k overspend in top up funding, mainly due to a greater number of permanent exclusions that budgeted and EHCP PRU placements increased.

### 9. Total Reserve Balance

- 9.1 The total deficit balance on reserves at 31.3.2019 is £100k. As announced in July 2018, the Department for Education requires a recovery plan from all local authorities that have an overall cumulative DSG deficit of 1% or more at the end of the 2018/19 financial year. For 2018/19 we have not met the threshold requiring us to submit a deficit recovery plan to ESFA. However, it is highly likely that we will have to submit one for 2019/20 due to the level of expected deficit.

Reserve Balance at 31.3.2019	£'000
Schools Block surplus	-642
Early Years Block deficit	247
Central Services Block surplus	-26
High Needs Block deficit	521
<b>Total Deficit Balance</b>	<b>100</b>

### 10. Conclusion

- 10.1 The overall outturn was £364k better than plan, resulting in an overall deficit balance of £100k. Over spends in the High Needs Block are significant with a total deficit against this block of £521k and this will be the area of focus going in 2019/20.

### 11. Appendices

Appendix A – DSG 2018/19 Budget Monitoring Report: Outturn

Dedicated School's Grant (DSG) 2018/2019 Budget Final Outturn					
Cost Centre	Description	Final Budget 2018/19	Actual Outturn	Variance	Comments
90020	Primary Schools (excluding nursery funding)	48,339,410	48,276,182	-63,228	Rates adjustment for 2018/19 and refunds for previous years.
DSG top slice	Academy Schools Primary	0	0	0	
90025	Secondary Schools (excluding 6th form)	14,784,820	14,768,084	-16,736	Rates refunds re previous years.
DSG top slice	Academy Schools Secondary	0	0	0	
90230	DD - Primary Schools in Financial Difficulty	379,120	127,073	-252,047	6 bids approved in year . Balance to be carried forward to 2019-20
90113	DD - Trade Union Costs	43,680	43,680	0	
90255	DD - Support to Ethnic minority & bilingual	190,050	179,985	-10,065	Vacancy savings
90349	DD - Behaviour Support Services	214,020	211,536	-2,484	
90424	DD - CLEAPSS	3,170	3,007	-163	
90423	DD - Statutory & Regulatory Duties	147,590	147,587	-3	
90235	Growth Fund/Falling Rolls Fund	280,710	87,500	-193,210	Unspent balance to be carried forward to 2019/20
	<b>Schools Block Total</b>	<b>64,382,570</b>	<b>63,844,634</b>	<b>-537,936</b>	
90583	National Copyright Licences	159,610	133,004	-26,606	Budget incorrectly set to include VAT
90019	Servicing of Schools Forum	43,580	39,494	-4,086	Employees (£2.9k) and Supplies & Services
90743	School Admissions	244,860	231,953	-12,907	Employee Savings (£7.4k) and Supplies & Services underspends
90354	ESG - Education Welfare	201,900	192,228	-9,672	Fines for Absences greater than anticipated (£5k). Supplies and Services underspend.
90460	ESG - Statutory & Regulatory Duties	197,540	191,920	-5,620	Savings relating to Supplies and Services .
	<b>Central School Services Block Total</b>	<b>847,490</b>	<b>788,600</b>	<b>-58,890</b>	
90010	Early Years Funding - Nursery Schools	876,070	898,173	22,103	
90037	Early Years Funding - Maintained Schools	1,269,090	1,361,020	91,930	
90036	Early Years Funding - PVI Sector	6,199,460	6,075,453	-124,007	lower uptake of additional 15 hours funding compared to budget
90052	Early Years PPG & Deprivation Funding	48,280	65,322	17,042	
90053	Disability Access Fund	23,370	15,375	-7,995	
90018	2 year old funding	719,480	569,138	-150,342	changes to universal credit have resulted in fewer children being eligible
90017	Central Expenditure on Children under 5	223,300	218,550	-4,750	
90287	Pre School Teacher Counselling	45,000	45,000	0	
90238	Early Years Inclusion Fund	75,000	85,145	10,145	increased number of children with complex needs taking up additional 15 hours; several children delaying school, therefore remaining in EY for longer
	<b>Early Years Block Total</b>	<b>9,479,050</b>	<b>9,333,176</b>	<b>-145,874</b>	
90026	Academy Schools RU Top Ups	854,270	822,634	-31,636	Slight reduction in FTE compared to budget.
90539	Special Schools - Top Up Funding	3,300,420	3,383,249	82,829	Additional Place and Top Up funding in relation to increased numbers of pupils.
90548	Non WBC Special Schools - Top Up Funding	1,098,070	1,009,156	-88,914	Movements to other settings including one placement costing in excess of £100k
90575	Non LEA Special School (OofA)	840,100	747,940	-92,160	
90579	Independent Special School Place & Top Up	2,436,400	2,218,567	-217,833	
90580	Further Education Colleges Top Up	1,396,140	1,270,010	-126,130	Costs factored into the 2018/19 budget did not require payment including several changes to pupil placements.
90617	Resourced Units Top Up Funding Maintained	293,020	274,236	-18,784	Number of pupils lower than expected at one site
90618	Non WBC Resourced Units - Top Up Funding	107,000	126,702	19,702	
90621	Mainstream - Top Up Funding maintained	541,560	658,073	116,513	Increasing numbers of pupils entitled to Funding
90622	Mainstream - Top Up Funding Academies	185,170	247,075	61,905	Increasing numbers of pupils entitled to Funding
90624	Non WBC Mainstream - Top Up Funding	75,000	78,343	3,343	
90625	Pupil Referral Units - Top Up Funding	542,950	800,225	257,275	Greater number of Permanent Exclusions than factored into budget .
90628	EHCP PRU Placement	0	223,699	223,699	Increasing number of pupils with EHCPs placed at the PRU.
90627	Disproportionate No: of HN Pupils NEW	100,000	83,609	-16,391	Based on actual numbers of SEN pupils.
	<b>HNB: Top Up Funding Total</b>	<b>11,770,100</b>	<b>11,943,518</b>	<b>173,418</b>	
90320	Pupil Referral Units	660,000	660,000	0	
90540	Special Schools	2,860,000	2,860,000	0	
90584	Resourced Units - Place Funding (70)	242,000	242,000	0	
	<b>HNB: Place Funding Total</b>	<b>3,762,000</b>	<b>3,762,000</b>	<b>0</b>	
90237	SEN High Needs Contingency	1,600	0	-1,600	Unused 2017/18 C/F underspend
90370	Behaviour Programme (Invest to Save)	78,400	22,818	-55,582	Underspend on Project to be Carry forward into 2019/20
90371	PPEP Care Programme	10,000	4,800	-5,200	
90240	Applied Behaviour Analysis	75,000	116,192	41,192	A small number of pupils requiring high level bespoke packages.
90280	Speci Needs Spprt Team	319,170	309,706	-9,464	Underspend in Employee costs (£5k) and Supplies and Services (£4k)
90287	Pre School Teacher Counselling	40,000	40,000	0	
90288	Elective Home Education Monitoring	27,990	22,801	-5,189	Exam Grant uptake from parents lower than expected (£3k) . Remainder refers to underspends in Employee costs.
90290	Sensory Impairment	172,750	241,928	69,178	Increase in JA costs and number of additional visits. No recharges apply this FY.
90295	Therapy Services	240,760	276,331	35,571	
90315	Home Tuition	245,000	230,567	-14,433	Savings in Employee costs .
90555	LAL Funding	82,400	93,800	11,400	Fewer than expected places requested therefore recharges lower.
90565	Equipment For SEN Pupils	10,000	11,954	1,954	Demand led . Offset by Unused C/F shown above (cc 90237)
90577	SEN Commissioned Provision	456,000	487,772	31,772	Premises Expenses pressure. Places filled by WB & Other LA pupils .
90582	PRU Outreach	61,200	61,200	0	
90585	HN Outreach Special Schools	50,000	50,000	0	
90610	Hospital Tuition	45,000	37,390	-7,610	
90830	ASD Teachers	141,550	140,063	-1,487	
90961	Vulnerable Children	50,000	50,000	0	
90581	Dingleys Promise	30,000	30,000	0	
	<b>HNB: Non Top Up or Place Funding</b>	<b>2,136,820</b>	<b>2,227,321</b>	<b>90,501</b>	
	<b>High Needs Block Total</b>	<b>17,668,920</b>	<b>17,932,839</b>	<b>263,919</b>	
	<b>Total Expenditure across funding blocks</b>	<b>92,378,030</b>	<b>91,899,250</b>	<b>-478,780</b>	
	<b>SUPPORT SERVICE RECHARGES</b>	<b>444,000</b>	<b>444,000</b>	<b>0</b>	
	<b>TOTAL DSG EXPENDITURE</b>	<b>92,822,030</b>	<b>92,343,250</b>	<b>-478,780</b>	
90030	DSG Grant Account	-92,822,030	-92,243,633	578,397	
90030	NET DSG EXPENDITURE	0	99,616	99,616	

