

READING BOROUGH COUNCIL
REPORT BY FINANCIAL SERVICES

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|-------------------|---|---------------------|--|
| TO: | Reading Schools Forum | | |
| DATE: | 12 January 2017 | AGENDA ITEM: | 4 |
| TITLE: | Dedicated Schools Grant (DSG) 2016/17 | | |
| SERVICE: | Education, Children & Early Help Services | WARDS: | All |
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1. PURPOSE AND SUMMARY OF REPORT

1.1 This report updates the latest in year financial position.

2. RECOMMENDED ACTION FOR SCHOOLS FORUM

To note:

2.1 There is an estimated deficit of £3.6m on the high needs block to end of year 2016/17. When taken with the position on the other blocks, this will necessitate Schools Forum approving a deficit (to be decided taking into account the position on other blocks) being carried forward from 2016/17 into 2017/18.

2.2 At the March meeting School Forum will need to approve a reduction in the schools budget in order to fund a deficit arising in central expenditure (i.e. high needs block) that is to be carried forward from a previous funding period.

3 POLICY CONTEXT

3.1 The Council has strategic aims to establish Reading as a learning city and a stimulating and rewarding place to live and visit, to promote equality, social inclusion and a safe and healthy environment for all. Education and the funding of education is a key factor in the achievement of this aim.

DSG Outturn and Budget Monitoring Update

4 BACKGROUND

- 4.1 The DSG funds schools and is ring fenced for school pupil activity. The DSG is based upon actual pupil numbers from the October pupil count proceeding the actual financial year. The grant received is split between the:
- Individual School's Budget - the ISB or delegated budget - this is formula driven;
 - Centrally Retained School's Budget - the non-delegated budget.
- 4.2 Overspends on the DSG are carried forward and are a first call on the new year's allocation of DSG. Underspends on the DSG are carried forward to support the future year's school's budget.
- 4.3 The Authority must ensure that DSG is correctly spent and needs to describe the outturn position as to inform the impact upon the new year's budget position. The budget monitoring of the Authority distinguishes between how services are funded, namely by DSG or by the Local Authority.

5 DSG 2016/17

- 5.1 DSG allocations will change due to academy conversions during the year and the EFA will update the 16-17 Grant when conversions have been completed. The current allocation is summarised in the table below.

Table 2: RBC's final DSG allocations for Schools and Early Years Blocks for 2016-17 (Post Academy Recoupment including Newtown and St Johns)

| | Allocations after recoupment (£m) |
|------------------------------|-----------------------------------|
| Schools Block (includes ISB) | 49.43 |
| Early Years Block | 9.44 |
| High Needs Block | 15.06 |
| Total | 73.93 |

DSG Outturn and Budget Monitoring Update

6 DSG BUDGET MONITORING 2016/17 UPDATE

- 6.1 Appendix 1 has the latest in year budget monitoring position for the DSG.
- 6.2 Schools Block: At present there is a £80k overspend forecast, as a result of increased NNDR (business rates) for maintained schools. Usually minor changes would follow through to the next school formula, but these increases have resulted from new building since 2010. In addition, there are some cases where schools have had to be compensated for more than £50k individually which is why the LA has paid this out within 16-17. This has been funded by the underspending areas in the Growth fund, and does not leave funds for the Growth Fund review (140k).
- 6.3 Early Years Block: Early Years is on track and work has started on the 30hr project. We continue to review commitments against the £885k carried forward as agreed by Schools Forum in March 16. Most of the funds will be used in 16-17 to complete the 2 year old revenue and capital programs. Some of these programmes will slip into 17-18 but a report will come to Schools Forum in March with further details.
- 6.4 High Needs Block: These are estimates at this stage and may be subject to change but will be updated for the March 17 Schools forum. Estimated in year budget gap of £2.4m was reported and with the added unfunded pressure of £1.2m in 15-16 this will total £3.6m by March 31st 2017.
- 6.6 Clearly the risk identified above with regard to the high needs block deficit and potential academy converters leaving residual deficits to be funded from DSG, mean that the Authority and Schools Forum need to be mindful of these areas making decisions on the 2017/18 budget.

7 SCHOOLS FORUM DECISION ON CARRYING FORWARD THE DEFICIT

- 7.1 In the March 17 schools forum the local authority will propose to carry forward the funding of this deficit, into the 2017/18 financial year and Schools Forum will need to approve this.

DSG Outturn and Budget Monitoring Update

Appendix 1: 2016/17 DSG BUDGET MONITORING (£m)

| Description | £m | | |
|---|---------------|---------------|----------------|
| | Total Budget | 16-17 Outturn | 16-17 Variance |
| Schools With Weakness | 0.300 | 0.250 | (0.050) |
| Behaviour support services | 0.215 | 0.215 | 0.000 |
| Support to UPEG and bilingual learners | 0.085 | 0.085 | 0.000 |
| Staff costs supply cover | 0.050 | 0.050 | 0.000 |
| Top up funding - maintained providers | 5.785 | 6.485 | 0.700 |
| Top up funding - Academies and Colleges | 2.991 | 3.841 | 0.850 |
| Top up and other funding - independent | 2.600 | 3.400 | 0.800 |
| SEN support services | 0.964 | 0.964 | 0.000 |
| Hospital education services | 0.181 | 0.181 | 0.000 |
| Support for inclusion | 0.629 | 0.629 | 0.000 |
| Central expenditure on children under 5 | 0.075 | 0.075 | 0.000 |
| Contribution to combined budgets | 0.630 | 0.630 | 0.000 |
| School Admissions | 0.101 | 0.101 | 0.000 |
| Servicing of schools forums | 0.020 | 0.020 | 0.000 |
| Capital expenditure from revenue (CERA) | 0.181 | 0.181 | 0.000 |
| Prudential borrowing costs | 0.050 | 0.050 | 0.000 |
| Growth Fund | 0.966 | 1.096 | 0.130 |
| SEN transport | 0.100 | 0.100 | 0.000 |
| Exceptions agreed by Secretary of State | 0.092 | 0.092 | 0.000 |
| Total | 16.015 | 18.445 | 2.430 |
| Individual Schools Budget | 48.959 | 48.959 | 0.000 |
| SEN Placements (First 10k) | 1.766 | 1.766 | 0.000 |
| Early Years 2-3 year old Funding | 6.145 | 7.030 | 0.885 |
| Central Establishment Charges | 0.259 | 0.259 | 0.000 |
| 15-16 C/FWD (Surplus) - 2YO | 0.000 | (0.885) | (0.885) |
| 16-17 C/FWD (Deficit) - SEN | 0.839 | 2.056 | 1.217 |
| Total | 57.968 | 59.185 | 1.217 |
| Total ALL | 73.983 | 77.630 | 3.647 |

| £m | | |
|-------------|------------------|---------|
| Early Years | High Needs Block | Schools |
| | | (0.050) |
| | | 0.000 |
| | | 0.000 |
| | | 0.000 |
| | 0.700 | |
| | 0.850 | |
| | 0.800 | |
| | 0.000 | |
| | 0.000 | |
| | 0.000 | |
| 0.000 | | |
| | | 0.000 |
| | | 0.000 |
| | | 0.000 |
| 0.000 | | 0.000 |
| | | 0.000 |
| | | 0.130 |
| | 0.000 | |
| | | 0.000 |
| 0.000 | 2.350 | 0.080 |
| | | 0.000 |
| | 0.000 | |
| 0.885 | | |
| 0.000 | 0.000 | 0.000 |
| (0.885) | | |
| | 1.217 | |
| 0.000 | 1.217 | 0.000 |
| 0.000 | 3.567 | 0.080 |

TOTAL DSG DEFICIT 3.647