

READING BOROUGH COUNCIL  
REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	16 <sup>th</sup> March 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

2.1 NOTE : To confirm the position on the DSG budget for 2016-17 and the high cost block deficit funding.

2.2 DECISION : Schools forum to approve the carry forward of the DSG deficit into 17-18. (Appendix1 shows the current deficit forecast based upon the best knowledge and belief of finance at the end of February and therefore may be subject to change)

## 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.

## 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
<b>Total</b>	<b>73.93</b>

## Budget Monitoring Update

- 6.1 Appendix 1 has the latest in year budget monitoring position for the DSG.
- 6.2 Schools Block: Overspend that was reported in January 2017 has increased due to the schools forum agreement to implement the additional funding for the current growth funded schools. At present there is a £295k overspend forecasted, as a result of increased NNDR (business rates) for maintained schools and the growth fund allocation.
- 6.3 Early Years Block: Early Years is on track and work has started on the 30 hr project. We continue to review commitments against the £885k carried forward as agreed by Schools Forum in March 16. The majority of funds will be used in 16-17 to complete the 2 year old revenue and capital programs. We are anticipating no 15-16 c/fwd to remain.
- 6.4 High Needs Block: Estimated in year budget gap of £2.45m was reported and with the added unfunded pressure of £1.2m in 15-16 this will total £3.65m by March 31<sup>st</sup> 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.

### 7 SCHOOLS FORUM DECISION ON CARRYING FORWARD THE DEFICIT

- 7.1 With regard to the position on the high needs block deficit being carried forward into the 2017/18 budget, the latest position is as set out below:

	£000	Key
Carry forward from 2015-16	2,056	A
Budget to reduce c/fwd from 16-17 allocation	(839)	B
Unfunded Deficit Total	1,217	A+B=C
Estimated Overspend - High Needs Block 16-17	2,450	D
Estimated Overspend - Schools Block 16-17	245	E
Deficit carry forward into 17/18 to be approved by Schools Forum	3,912	C+D+E
Budget to reduce c/fwd from 17-18 allocation	(1,759)	F
<b>TOTAL - remaining after funds allocated</b>	<b>2,153</b>	<b>E-F</b>

- 7.2 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 at the March 2017 meeting.

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

## Budget Monitoring Update

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	3.500	0.900
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	1.261	0.295
SEN transport	0.100	0.100	0.000
Exceptions agreed by Secretary of State	0.092	0.092	0.000
<b>Total</b>	<b>16.015</b>	<b>18.710</b>	<b>2.695</b>
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
<b>Total</b>	<b>57.968</b>	<b>59.185</b>	<b>1.217</b>
<b>Total ALL</b>	<b>73.983</b>	<b>77.895</b>	<b>3.912</b>

Early Years	£m	
	High Needs Block	Schools
		(0.050)
		0.000
		0.000
		0.000
	0.700	
	0.850	
	0.900	
	0.000	
	0.000	
	0.000	
0.000		
		0.000
		0.000
		0.000
0.000		0.000
		0.000
	0.000	
		0.000
0.000		0.295
	0.000	
		0.000
0.000	2.450	0.245
		0.000
	0.000	
0.885		
0.000	0.000	0.000
(0.885)		
	1.217	
0.000	1.217	0.000
0.000	3.667	0.245

TOTAL DSG DEFICIT 3.912