

READING BOROUGH COUNCIL
REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	13 th July 2017	AGENDA ITEM:	4
TITLE:	Dedicated Schools Grant (DSG) 2017/18		
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: The DSG grant allocations by block 17/18 post recouplement
- 2.2 NOTE: The in year 17/18 budget monitoring position on the DSG, noting the pressure on the high needs block flowing from the carry forward deficit and the in-year pressure.

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:

Budget Monitoring Update

- 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 2017/18

- 5.1 DSG allocations will change due to academy conversions during the year and the EFA will update the 17-18 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 2017-18 (Post Academy Recoupment)

	Allocations after recoupment (£m)
Schools Block (includes ISB)	49.73
Early Years Block	12.46
High Needs Block	16.43
Total	78.62

6 DSG BUDGET MONITORING 2017/18 UPDATE

- 6.1 Appendix 1 has the latest in year budget monitoring position for the DSG.
- 6.2 Explanations of DSG reporting lines.
- 6.2.1 De-delegations (Numbers 1 to 5 on table)
- Request from Reading Girls regarding redundancies from the schools with weakness fund
 - Primary Heads have reviewed the School Improvement budget and some projects will not be going ahead. Savings will be notified within the autumn term.

Budget Monitoring Update

- Staff Costs - Union cover. This service has been reviewed and schools that are not part of the de-delegation and have not brought back will not have access to a union rep during school hours.

6.2.2 SEN / HIGH NEEDS BLOCK (numbers 6 to 13)

- Top-up funding for maintained and academies are estimated to continue to be a pressure. This includes the creation of additional places at the Avenue for Sept 17.
- Independent placements are under pressure due to additional placements being needed and the cost of independent placements continuing to increase.
- Central services within High Needs Block to be reviewed and potential savings will arise. To be reported back in autumn term.

6.2.3 Early Years Central funds (Number 14 & 26)

- Current review on central budgets are taking place and as the 30hr project starts in September 17 the council will report back on the central block at the December meeting.
- As agreed with Schools Forum, the 200k underspend from 16-17 has been kept separate and the LA with Schools Forum will decide if it should be moved to the High Needs Block overspend in due course.

6.2.4 Schools retained Block (Number 15 to 18)

- Combined budgets that cover areas such as Commissioning, school improvement advisors, MASH (Multi Agency Safeguarding Hub), virtual school for looked after children, Early Help - children action teams that covers family workers, Welfare, CAMHs and Education Psychology.

6.2.5 Growth Fund (Number 19)

- The growth fund budget was set at 900k for 17-18. £745k of the £900k was already committed towards the primary expansion project.
- Schools forum agreed to continue the funding for Highdown additional class in Mays Schools Forum at a cost of around 113k for the 12 months.
- LA schools finance are currently reviewing the NNDR (Business Rates) as due to the transitional arrangements put in place for April 17 invoices, the formula has over and underfunded maintained schools by an overall total of 57k. This funding will go into the Growth fund area to be used by schools forum during the year. Schools can be seen by the independent valuation department at any time and it is recommended to keep part of the fund to pay out to schools in the future.

6.2.6 Other Adjustments and C/FWDs (Number 27 & 28)

- The deficit carry forward from 16-17 was £3.397m that was relating to the High Needs and Schools Block overspend. There was an underspend on early years of £0.2m. Overall £3.197m deficit has been reported to the DfE as Reading's carry forward on DSG.
- Reading applied for some funding clawback relating to the summer element of the growth fund for academies. This funding has been given back through academy recoupment. This has automatically been put up for a saving on line 28 but could support additional spend within the Growth fund.

6.3 The LA is forecasting a £3.5m pressure on the DSG by the end of March 2018.

6.4 Equal Pay - Reserve

- The Council has received a number of equal pay claims, including some related to staff working in schools. We periodically re-assess the likely impact of the claims, and at present we are in a series of employment tribunal meetings to resolve them; there was a hearing in June and the next is scheduled in August. A provision of £1.5m has been established, funded from the Schools Budget to meet schools based claims. This provision is also kept under review. Settlement of individual claims is expected to start during 2017/18.

Budget Monitoring Update

Appendix 1: 2017/18 DSG BUDGET MONITORING (£m)

No	Description	£m			£m		
		Total Budget	17-18 Outturn	17-18 Variance	Early Years	High Needs Block	Schools
1	Schools With Weakness	0.050	0.050	0.000			0.000
2	School Improvement	0.233	0.233	0.000			0.000
3	Behaviour support services	0.177	0.177	0.000			0.000
4	Support to UPEG and bilingual learners	0.077	0.077	0.000			0.000
5	Staff costs supply cover	0.043	0.043	0.000			0.000
6	Top up funding - maintained providers	4.237	4.637	0.400		0.400	
7	Top up funding - Academies and Colleges	3.352	3.802	0.450		0.450	
8	Top up and other funding - independent	2.900	4.200	1.300		1.300	
9	Top-up Funding - Additional	0.500	0.500	0.000		0.000	
10	SEN support services	0.612	0.612	0.000		0.000	
11	Hospital education services	0.181	0.181	0.000		0.000	
12	Support for inclusion	0.665	0.665	0.000		0.000	
13	Therapies and other health related services	0.356	0.356	0.000		0.000	
14	Central expenditure on children under 5	0.470	0.470	0.000	0.000		
15	Contribution to combined budgets	0.630	0.630	0.000			0.000
16	School Admissions	0.159	0.159	0.000			0.000
17	Servicing of schools forums	0.020	0.020	0.000			0.000
18	Prudential borrowing costs	0.050	0.050	0.000			0.000
19	Growth Fund	0.900	0.900	0.000			0.000
20	SEN transport	0.100	0.100	0.000		0.000	
21	Exceptions agreed by Secretary of State	0.176	0.176	0.000			0.000
22	Statutory/ Regulatory duties (ESG)	0.462	0.462	0.000			0.000
23	Total	16.350	18.038	2.150	0.000	2.150	0.000
24	Individual Schools Budget	48.955	48.955	0.000			0.000
25	SEN Placements (First 10k)	1.766	1.766	0.000		0.000	
26	Early Years Funding (including 30hrs)	9.660	9.460	(0.200)	(0.200)		
27	17-18 C/FWD (Deficit) - SEN	1.759	3.397	1.638		1.638	
28	DSG Adjustments as at 31/5/2017	0.130	0.000	(0.130)			(0.130)
29	Total	62.270	63.578	1.308	(0.200)	1.638	(0.130)
30	Total ALL	78.620	81.616	3.458	(0.200)	3.788	(0.130)
TOTAL DSG DEFICIT							3.458