

READING BOROUGH COUNCIL
REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	19 th October 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 allocations by block 17/18 (updated)
- 2.2 NOTE: Change in reporting to Schools Forum budget monitoring
- 2.3 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.
- 2.4 NOTE: Excluded Pupil financial review

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 Dedicated Schools Grant (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 - (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 has to report 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). This is before the conversion of Reading Girls and after the adjustments to the Early Years Block.

	Allocations after recoupment (£m)
Schools Block (includes ISB)	49.73
Early Years Block	12.31
High Needs Block	16.43
Total	78.47

6 DSG BUDGET MONITORING 2017/18 UPDATE

- 6.1 Appendix 1 has the latest in year budget monitoring position for the DSG.
- 6.2 Appendix 2 has some brief notes what is included in each line of the budget report
- 6.3 The budget monitoring paper will now be explained in 2 stages. Stage 1 will be based on the Monitoring table in Appendix 1 with details of how each area is made up that you can find additional information in Appendix 2. This should give more clarity on how the DSG is distributed and support any future questions or issues. The second stage would be within the main body of the

report that will detail the variances reported on the table and support discussions at Schools forum

7 Stage 2 - Variances

7.1 Early Years Block

Since the last schools forum meeting in July 2017, the ESFA (Education & Skills Funding Agency) have updated Reading's Dedicated School Grant allocation. As predicted, our early year's numbers for the 2 year old entitlement and the 3 & 4 year old entitlement has decreased by a total of £150k. This is the first time for a while that Reading numbers have decreased. As stated in previous School forum papers, the LA with agreement of Schools forum carried over £200k surplus that has been kept separate within reporting. As The High Needs continue to increase then the LA has agreed to move this surplus to offset this pressure. Pupil information after January census will give us the best indication on Early Years outturn in 17-18. The LA is forecasting a small underspend for 17-18 of around £70k that will be confirmed in the Spring 18 term.

7.2 High Needs Block

Forecast in July 17 showed the High Needs Block to be £2.2m overspent in financial year 17-18. This does not include the £1.6m still remaining from the 16-17 c/fwd. After reviewing the new year changes and forecasting new placements up to March 2018, the estimated pressure has risen to £2.6m (additional £400k) in year. Continuing forecast work and improvements in forecasting are underway and this area will be reported at every forum meeting. We have also identified Thames Valley Special free school as an independent in the past and this should have been reported within the Special school section. This does not change the overall pressure, but moves £1m from Independent overspend to Special Schools overspend. This term the LA has created a working group that includes some School forum reps to review the High Needs Block and more details on this will follow within the High Needs Paper.

7.3 Schools Block

Most of the schools central budgets are classed as contributions and the majority of areas will not be overspent as the LA would pick up any overspends. De-delegations fit under the same category, but a full review of School improvement project budget will be done and this could lead to underspends that will be reported back in March/May schools forum.

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.

7.4 The LA is forecasting a £3.9m pressure on the DSG by the end of March 2018.

8 Changes/Other updates

8.1 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. 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 has started to be paid out and this will be reviewed against the provision created. A financial update will be presented in the December or January Schools forum.

8.2 Permanently Excluded Pupils

Reading will be reviewing the process on how the funding/clawback process currently works and updating to improve the adjustment process and to assist schools on monitoring budgets.

The Head of Children Missing Education will be sending out forms to all academies and free schools (excluding special schools) to agree the process and for academies to sign up to the national guidance. All Reading schools have been following the national guidance over the years through verbal agreements, but the LA also deal with many non-reading academies and so we will implement a standard agreement form for all. The form will go into detail regarding the calculation of future permanent exclusions.

National guidance weblink:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/641418/20170831_Exclusion_Stat_guidance_Web_version.pdf

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	5.356	1.119		1.119	
7	Top up funding - Academies and Colleges	3.352	4.511	1.159		1.159	
8	Top up and other funding - independent	2.900	3.247	0.347		0.347	
9	Top-up Funding - Additional	0.500	0.513	0.013		0.013	
10	SEN support services	0.612	0.582	(0.030)		(0.030)	
11	Hospital education services	0.181	0.157	(0.024)		(0.024)	
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	18.472	2.584	0.000	2.584	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)	9.510	9.310	(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	62.120	63.428	1.308	(0.200)	1.638	(0.130)
30	Total ALL	78.470	81.900	3.892	(0.200)	4.222	(0.130)

TOTAL DSG DEFICIT 3.892

Appendix 2: Additional information for Appendix 1 table

Explanations of DSG reporting lines.

DE-DELEGATIONS

Line 1 - Schools With Weakness - Fund to assist schools in financial pressures. Schools Forum to approve any spends. (Reading Girls applied and was approved for 17-18)

Line 2 - School Improvement - To fund staff and Projects within the service. Primary Heads have reviewed the School Improvement budget and some projects will not be going ahead.

Line 3 - Behaviour Support Services - Passported to Cranbury College to supply this service

Line 4 - Support to UPEG and Bilingual Learners - Also known as Equality services

Line 5 - Staff Costs to Supply Union Cover - Union support with supply cover for union duties

SEN / HIGH NEEDS BLOCK

Line 6 - Top-up funding for maintained providers - EHCP top-ups for maintained early years, primary, secondary, special and alternative provisions within any LA that has a Reading financial responsibility for the EHCP. This also includes Pupils without EHCPs in Pupil referral units.

Line 7 - Top-up funding for Academies and Colleges - EHCP top-ups for Academies, free schools and colleges within the Early years, primary, secondary, special, alternative and college provisions within any LA that has a Reading financial responsibility for the EHCP

Line 8 - Top-up funding and other funding Independents - EHCP Top-ups for Independent and non-maintained special schools. This can also include independent alternative placements.

Line 9 - Top-up funding additional - This would include the primaries and secondary's Cluster funding and

Line 10 - SEN Support Services - This includes Sensory Consortium, Portage and ASD Services

Line 11 - Hospital Education Services - This includes Hospital Education unit at Royal Berkshire Hospital and Education for Pupils in Tier 4 CAMHs Hospital placements

Budget Monitoring Update

Line 12 - Support for Inclusion - Hard to Place fun, Early Years Cluster funding and central staffing in Education department.

Line 13 - Therapies and other Health Related services - Contribution towards Speech and Language, Occupational and Physio therapy.

Line 25 - SEN Placements (first 10k) - Placement funding for Academies (Mostly Avenue)

Line 27 - 17-18 C/FWD - 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.

EARLY YEARS

Line 14 - Central Expenditure on Children under 5 - Contingency funding within the Early Years Block and Early Years Team Staff

Line 26 - Early Years formula funding - 2,3,4 year old funding including deprivation and early Years pupil premium and other early years grants relating to maintained nurseries and disability.

SCHOOLS RETAINED BLOCK

Line 15 - Combined Budgets - 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.

Line 16 - School Admissions - contribution towards Admissions for all Reading Schools

Line 17 - Serving of Schools Forum - Preparation for Schools forum

Line 18 - Prudential Borrowing costs - Borrowing costs for schools capital programme has historically been and will be funded by borrowing over many years. This is a small contribution to the overall borrowing costs.

GROWTH FUND

Line 19 - Growth fund - 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.

OTHERS

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Line 20 - SEN Transport - Contributions to SEN School Travel

Line 21 - Exceptions agreed by secretary of State - Copyright Licences central (national) contract.

Line 22 - Statutory duties - formally known as the Education Services Grant

Line 24 - Individual School Budget - Schools formula budget for maintained Primaries and Secondary's)

Line 28 - DSG Adjustment - 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.

Line 30 - Outturn Total - The LA are forecasting a £3.9m pressure on the DSG by end of March 2018.