

READING BOROUGH COUNCIL
REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	14 th December 2017	AGENDA ITEM:	5
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

2.2 NOTE: The in year 17/18 budget monitoring position on the DSG, note the pressure on the high needs block flowing from the carry forward deficit and the in-year pressure.

2.3 NOTE: Equal Pay update

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

7 Variances

7.1 Early Years Block

97% of the Early Years budget is used for the free early year's entitlement for 2, 3 and 4 year olds. The annual budget is based on actual uptake of entitlement ("bums on seats funding"), this means any increase or decrease in numbers based on the LA original allocation will be fully funded or funding

will be clawed back (by the ESFA) in the following year (July18). Pupil information after January census will give us the best indication on Early Years outturn in 17-18. As stated in previous School forum papers, the LA with agreement of Schools forum carried over £200k from 16-17. This will be offset towards the High Needs pressure within 17-18. Central retained budgets within the block are on target except we estimate a £70k underspend within the contingency budget.

7.2 High Needs Block

As stated in October 17 Schools Forum, current pressure remaining from the 16-17 deficit totals £1.6m. The high needs block still has an in-year pressure on SEN placements estimated to be £2.6m. We have reviewed other non-placement budgets within the High Needs report and have estimated an additional £130k saving due to not replacing vacant posts and reviewing projects. This leaves an overall high needs budget pressure of £4.1m as at 31st march 2018.

7.3 Schools Block

7.3.1 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 schools forum. To note, St Mary's and All saints has had its delegation withdrawn due to the latest Ofsted report and finances. This will mean increase school improvement capacity is needed and will draw down additional funds from the savings in other projects.

7.3.2 Growth fund for 17-18 has been fully committed towards ongoing primary expansion costs. The falling roles element of this budget has been used for the Highdown expansion agreement that was agreed at schools forum in May 2017. The contingency element has been used for reviewing the NNDR rates for schools and adjustments have been made in year. NNDR changes are due to the national changes in April 17 and updated valuations department catching up with new school buildings.

7.3.3 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 recoument. This has automatically been put up for a saving on line 28.

7.4 The LA is forecasting a £3.7m pressure on the DSG by the end of March 2018. This is a decrease from October 2017 forum of £200k. (£70k from EYB and £130k from HNB)

Budget Monitoring Update

8 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.

8.2 Funding table showing how the Schools Equal pay fund was created.

FY	Income	Expenditure	Balance	Notes
2012-2013	(200,000)	0	(200,000)	Contribution from Schools Block
2013-2014	(200,000)	0	(400,000)	Contribution from Schools Block
2014-2015	(550,000)	0	(950,000)	Contribution from Schools Block
2015-2016	(550,000)	0	(1,500,000)	Contribution from Schools Block
2016-2017	0	0	(1,500,000)	

8.3 One Academy has settled their claims, another has employed solicitors to represent them and take forward the management and settlement of their claims. All school based claims are grouped together and are being considered at a tribunal hearing in April 2018. The outcome of the hearing and ongoing discussions will form the basis of any settlement. In the meantime individual claimants may come forward to settle.

8.4 Once every claim has been approved and paid out, then the fund will be passed back to Schools forum for discussion. The timeline for dealing with all claims is unknown, but the LA will update Schools forum with any updated news.

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	5.215	0.978		0.978	
7	Top up funding - Academies and Colleges	3.352	4.552	1.200		1.200	
8	Top up and other funding - independent	2.900	3.290	0.390		0.390	
9	Top-up Funding - Additional	0.500	0.500	0.000		0.000	
10	SEN support services	0.612	0.572	(0.040)		(0.040)	
11	Hospital education services	0.181	0.157	(0.024)		(0.024)	
12	Support for inclusion	0.665	0.615	(0.050)		(0.050)	
13	Therapies and other health related services	0.356	0.356	0.000		0.000	
14	Central expenditure on children under 5	0.470	0.400	(0.070)	(0.070)		
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	18.272	2.384	(0.070)	2.454	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	81.700	3.692	(0.270)	4.092	(0.130)

TOTAL DSG DEFICIT 3.692

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 external alternative provisions.

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

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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 £3.7m pressure on the DSG by end of March 2018.