

**READING BOROUGH COUNCIL**  
**REPORT BY FINANCIAL SERVICES**

<b>TO:</b>	Reading Schools Forum		
<b>DATE:</b>	12 May 2016	<b>AGENDA ITEM:</b>	4
<b>TITLE:</b>	Dedicated Schools Grant (DSG) 2015/16 Outturn, 2016/17 DSG and 2016/17 Budget Blocks		
<b>SERVICE:</b>	Education & Children's Services	<b>WARDS:</b>	All
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**1. PURPOSE AND SUMMARY OF REPORT**

- 1.1 This report identifies the position on the provisional outturn for the schools budget in 2015/16. It also identifies the latest position with regard to the DSG in 2016/17 and any other schools budget related budget issues.

**2. RECOMMENDED ACTION FOR SCHOOLS FORUM**

2.1 To note the provisional financial outturn position for 2015/16 (Table 1 refers)

2.2 To approve a carry forward a net deficit of £1.1m on central expenditure to be funded from future year's schools budget (DSG). It should be noted that the gross deficit on the High Needs Block was £2.1m and of that only £0.8m was funded out of 16/17 DSG leaving a balance of £1.3m to be funded. A recovery plan will need to be in place to fund this given ongoing pressures on the high needs block. This will be considered as part of the verbal update on the high needs block elsewhere on the agenda.

2.3 To note the DSG grant allocations by block 16/17 post recoupment (Table 2 Refers)

**2.4 To ask for volunteers to form a working group to review the current Growth Fund scheme with a view to coming back with any recommendations for change to the October meeting.**

### **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 preceding 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 PROVISIONAL OUTTURN ON SCHOOLS BUDGET 2015/16**

5.1 The table overleaf is the provisional outturn position as at the end of 2015/16. Accounts closure work is still ongoing therefore the figures are subject to change. The unaudited figures will be reported to the next meeting of the Schools Forum in July.

**Table 1: RBC’s provisional outturn position on the Schools Budget as at 31 March 2016**

	Budget	Outturn	Variance
	(£m)	(£m)	(£m)
brought forward DSG surplus (2YO)	0.000	(1.4)	(1.4)
Schools Block	51.4	51.3	(0.1)
High Needs Block	14.6	16.7	2.1
Early Years Block	9.4	8.5	(0.9)
Total net position	75.4	76.5	1.1

- 5.2 All delegated funds are transferred to schools, and any overspends or underspends on individual schools budgets are carried forward on the schools budget. There is a separate report on the agenda on Individual Schools Budget outturn (part of the Schools Block) called schools balances as at 31 March 2016.
- 5.3 The in year variances on the Centrally Retained Budget are highlighted in Appendix 1. The provisional outturn position was largely in line with the forecasts being made with regard to underspending and overspending budget areas at the March meeting of Schools Forum. As forecast there has been a significant pressure on the High Needs Block of £2.1m (£1.9m was forecast at the March meeting) during the year and there will be a verbal report in the meeting on the progress of the Authority to address the funding pressures in this area. Of the £2.1m high needs block deficit only £0.9m has been effectively funded from the underspend on the schools block and headroom on the DSG for 2016/17, leaving an unfunded deficit of £1.2m as we start the 2016/17 financial year. There needs to be a plan in place to recover this and any future pressure over a number of years and this will be considered as part of the high needs block verbal update elsewhere on the agenda.
- 5.4 There is an underspend on the Early Years Block of £0.9m largely associated with the later phasing of 2 year old places, however some commitments are being made against some of this balance in the new financial year for the extension of the offer.
- 5.5 In addition there has been a small underspend on the Schools Block in year of £0.1m. This was applied to the high needs block deficit.

**6 DSG 2016/17**

6.1 The final allocations of DSG have now been notified and this is summarised in the table below. This will be broken down in further detail at the July meeting of Schools Forum.

**Table 2: RBC's final DSG allocations for Schools and Early Years Blocks for 2016-17**

	<b>Allocations after recoupment (£m)</b>
Schools Block (includes ISB)	50.8
Early Years Block	9.8
High Needs Block	15.3
<b>Total</b>	<b>75.9</b>

**7 SCHOOLS BUDGET 2016/17**

7.1 Schools have now been notified of their budgets and are due to make returns by 20 May.

7.2 Following discussions with a number of schools it has been agreed to review the Growth Fund scheme in terms of the costs that are being funded. This would not specifically examine the criteria. Therefore Schools Forum is asked for volunteers to serve on that working party.

7.3 As noted at the last meeting Funding consultations were issued for the national funding formula and high needs reform which were summarised at the last meeting. The consultation period closed on 17 April 2016 and the Authority has chosen not to respond at this stage but will respond at the second stage in the Summer when more detailed proposals emerge. We are still awaiting the early years funding consultation to be issued, which will need to be considered with the EYSFF group.

**8 HIGH NEEDS BLOCK**

8.1 There will be a verbal update at the meeting.

**9 EARLY YEARS BLOCK**

9.1 The changes to the EYSFF 2015/16 were discussed and agreed at the last meeting.

## Appendix 1: 2015/16 PROVISIONAL OUTTURN (£m)

Description	Total Budget	15-16 Outturn	15-16 Variance
Schools With Weakness	0.300	0.300	0.000
Behaviour support services	0.135	0.135	0.000
Support to UPEG and bilingual learners	0.085	0.085	0.000
Staff costs supply cover	0.051	0.001	(0.050)
Top up funding - maintained providers	4.570	5.534	0.964
Top up funding - Academies and Colleges	2.691	3.319	0.628
Top up and other funding - independent	2.830	3.630	0.800
Other AP provision	0.080	0.080	0.000
SEN support services	0.988	0.729	(0.259)
Hospital education services	0.135	0.135	0.000
Support for inclusion	0.498	0.475	(0.023)
Central expenditure on children under 5	0.255	0.255	0.000
Contribution to combined budgets	0.630	0.630	0.000
School Admissions	0.101	0.076	(0.025)
Servicing of schools forums	0.020	0.020	0.000
Termination of employment costs	0.025	0.025	0.000
Capital expenditure from revenue (CERA)	0.197	0.203	0.006
Prudential borrowing costs	0.050	0.050	0.000
Equal pay - back pay	0.550	0.550	0.000
Growth Fund	1.028	1.043	0.015
SEN transport	0.100	0.100	0.000
Exceptions agreed by Secretary of State	0.165	0.165	0.000
<b>Total</b>	<b>15.484</b>	<b>17.540</b>	<b>2.056</b>
Individual Schools Budget	51.550	51.550	0.000
SEN Placements (First 10k)	2.473	2.473	0.000
Early Years 2-3 year old Funding	5.716	6.149	0.433
Central Establishment Charges	0.239	0.239	0.000
14-15 C/FWD (Surplus) - 2YO	0.000	(1.318)	(1.318)
<b>Total</b>	<b>59.978</b>	<b>59.093</b>	<b>(0.885)</b>
<b>Total ALL</b>	<b>75.462</b>	<b>76.426</b>	<b>0.964</b>

Early Years	High Needs Block	Schools
-	-	-
-	-	-
-	-	-
-	-	(0.050)
-	0.964	-
-	0.628	-
-	0.800	-
-	-	-
-	(0.259)	-
-	-	-
-	(0.023)	-
-	-	-
-	-	-
-	-	(0.025)
-	-	-
-	-	-
-	-	0.006
-	-	-
-	-	-
-	-	0.015
-	-	-
-	-	-
0.000	2.110	(0.054)
-	-	-
-	-	-
0.433	-	-
-	-	-
(1.318)	-	-
(0.885)	0.000	0.000
(0.885)	2.110	(0.054)

**TOTAL DSG DEFICIT**

**1.171**

