

SCHOOLS FORUM MEETING – 4TH JULY 2018**2017-18 Dedicated Schools Grant (DSG) Outturn position and Contingency Balance****Introduction**

The purpose of this report is to advise School Forum members on the 2017-18 DSG outturn position and overall contingency balance.

Background - DSG 2017-18 Outturn position

As members are aware from the beginning of the 2013-14 financial year the DSG is split into notional blocks which are:

- Schools Block
- High Needs Block
- Early Years Block

Whilst the blocks are notional and it is possible to move funding between blocks to reflect the needs, pressures and priorities of the geographical area it is now appropriate to report the outturn position with reference to the notional blocks.

The ability to continue to move funding between the notional blocks has become more restrictive and will become more so. Early Years funding is participation based so where funding is received for a number of hours that exceeds actual take up this will be recouped by the ESFA or vice versa. In addition from 2018-19 under the new “soft” National funding Formula for Schools there will be a requirement for the Schools Block being fully distributed. This, with the exception of a potential permitted top slice of the Schools Block of up to 0.5% will end any chances to switch funding between the blocks.

DSG 2017-18 Outturn position

The outturn position for each of the notional blocks together with an explanation of the main reasons for the variances is shown below:

Schools Block

The outturn position for the Schools Block is an under spend of £0.092m. This underspend equates to less than 0.1% of the DSG Schools Block allocation.

The underspend amount is mainly comprised of an underspend in the growth fund and other de-delegated items together with a positive rounding's adjustment on the DSG allocation.

In accordance with the regulations and guidance the above underspends, projected at the time were considered when determining the amount to be fed back into the

schools funding formula for 2018-19 as a one-off payment. No payment was possible as part of the 2018-19 funding allocation.

High Needs Block

The 2017-18 outturn position for the High Needs Block is an over spend of £0.599m. A more detailed analysis is shown in Appendix A. The main reasons for the over spend are shown below:

<u>Service</u>	<u>Variance £'m</u>	<u>Reason</u>
Alternative Provision	(0.063)	
Top Up funding schools	0.135	Additional demand and need in 2017-18. Between the financial years 2016-17 and 2017-18 a significant number of additional children were identified for top up payments in addition to some children have their current banding classification re-assessed.
Agency Placements	0.716	The over spend on the original budget has arisen due to additional demand and need in 2017-18. Between the financial years 2016-17 and 2017-18 an additional net 32 children were placed out of area.
Post 16	0.174	This budget has suffered increasing financial pressures as a result of increasing demand and need and an extension of the 0-19 age range to 0-25.
EY SEN Support (Inclusion Fund)	0.097	Since the introduction of this fund a few years ago the identification of need and cost has significantly increased.
BAC's Income	(0.500)	
Other	0.040	
TOTAL	0.599	

The above services will all be captured in the Children's Services 0-19 Phase 2 review. A precis of the high level proposals related to the services funded by the high needs block are detailed below:

<u>Service Area</u>	<u>Services included / proposal</u>
Support for Inclusion	Behaviour Service – opportunity to explore and create a more generic “Inclusion Service” with a range of other services funded from a variety of sources
SEND Services	HI/VI – opportunity for a review of service to be more generic across both aspects.
SEN Services	Specialist Advisory Service – key stage teaching team – opportunity for full service review by an externally commissioned SEND specialist. Early Years – CDC / Portage – opportunity to review as a wider Early Years services

Early Years

The outturn position for the Early Years Block is net nil. As such no further explanation is provided. The outturn position reflects an estimated year end accrual which will be recouped by the Education & Skills Funding Agency (ESFA) as part of their participation take up adjustment.

Contingency Balance

In determining the level of balances to be retained a number of factors need to be considered and a balance struck between ensuring the DSG allocation is spent on the children of today and there being sufficient funds to meet any unforeseen costs without having to reduce individual allocations in future years.

In previous years the balances were substantial, this approach was recommended by officers and supported by the Schools Forum members. The rationale for this was predominantly around the potential turbulence and uncertainty caused by the move to the new funding system. During this time a number of one off payments were made to schools as were felt appropriate and prudent at the time. However in setting the funding formula for 2018-19 due to the reduction in balances and the projected overspend on the High Needs Block in 2017-18 no one-off payment was considered possible.

The level of DSG reserves held by Local Authorities continue to be monitored by the ESFA and the guidance that this should be no more than 5% remains in place. Whilst the 5% is not prescriptive LA's will need to explain why they are holding

amounts over and above this level. Based on the final DSG for 2017-18 of £28.71m this would equate to £1.434m.

Contingency Balance as at 31st March 2018

At the start of the financial year the DSG contingency balance brought forward was £3.712m. From this amount officers, in conjunction with the Schools Forum allocated £1.894m as a one-off payment to all schools through the 2017-18 Funding Formula and a number of further one-off in year payments reduced the balance to £1.568m. The unaudited DSG underspend for the financial year is £0.378m.

The balance in contingency as at the 31st March 2018 is therefore £1.190m. This is demonstrated in tabular form below:

	<u>£'m</u>	<u>£'m</u>
DSG Contingency as at the 1 April 2017		3.712
Less: One off payment added to the 2017-18 funding formula	(1.894)	
Less: Agreed 1 year extension of the early years play worker programme	(0.250)	
Uncommitted Balance as at the 1 April 2017		1.568
2017-18 net in year Schools Block underspend	0.092	
2017-18 net in year HNB overspend	(0.599)	
2017-18 net in year Early Years underspend	0.000	
2017-18 Year end accounting adjustment	0.129	
DSG Contingency as at the 31 March 2018		1.190

A commitment has already been entered into in respect of 2018-19 which is not reflected in the above figure of £1.190m. This is in respect of the creation of a £0.150m Growth and Falling Rolls additional contingency

The uncommitted amount remaining of £1.040m is below the 5% balance of the current 2018-19 DSG allocation of £31.677m as at June 2018.

Recommendations

It is recommended that Schools Forum note the 2017-18 DSG outturn position.

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