

Report To:	SCHOOLS FORUM
Date:	26 June 2018
Reporting Officer:	Kathy Roe – Director of Finance.
Subject:	DEDICATED SCHOOLS GRANT OUTTURN POSITION FOR 2017/18 AND BUDGET UPDATE FOR 2018/19
Report Summary:	A report on the Dedicated Schools Grant outturn position for the financial year 2017/18 and an update of the budget position for the 2018/19 financial year.
Recommendations:	<ol style="list-style-type: none"> 1. Members of the Schools Forum are requested to note the contents of the report. 2. Primary School members are required to vote on the proposal to allocate back to schools the unspent 2017/18 funding totalling £0.089m pro rata to the original contribution made by each School for the Contingency budget. 3. Primary & Secondary School members are required to vote on the proposal to allocate back to schools the unspent 2017/18 funding totalling £0.008m pro rata to the original contribution made by each School for the Trade Union Support service.
Links to Community Strategy:	Effectively calculated and targeted resources will improve access to a high quality education experience for all our children.
Policy Implications:	In line with financial and policy framework.
Financial Implications: (Authorised by the section 151 officer)	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
Legal Implications: (Authorised by the Borough Solicitor)	There is a statutory duty to use resources efficiently and effectively against priorities.
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.

ACCESS TO INFORMATION

NON-CONFIDENTIAL

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers

The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and

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1. INTRODUCTION

1.1 This report is presented to advise School Forum of the outturn position for the overall Dedicated Schools Grant (DSG) for 2017/18, provide an update on the DSG budget for 2018/19 and update on key developments which will impact on DSG in 2018/19 and future years. The report sets out:

- The final outturn for the DSG for 2017/18 (Section 2)
- The DSG note within the Tameside MBC statutory accounts (Section 3)
- A budget update for the DSG for 2018/19 (Section 4)
- A high needs funding update for 2018/19 (Section 5)
- Known pressures and commitments for 2018/19 and beyond (Section 6)
- Key updates to funding (Section 7)

2. DEDICATED SCHOOLS GRANT FINAL OUTTURN FOR 2017/18

2.1 The opening position in 2017/18 of DSG (held in reserve) was a £4.024m surplus. An in year deficit of £0.143m resulted in a cumulative position of a £3.881m surplus. The in year deficit relates to a combination of previously agreed commitments and some surpluses / deficits in year. The known commitments for 2017/18 are:

- the retrospective gains cap of £0.308m;
- diseconomies funding of £0.172m and;
- the provision for the early years adjustment relating to 2016/17 of £0.228m.

2.2 The breakdown of the £0.143m deficit and the balance of the DSG reserve is shown in table 1 below.

TABLE 1

DSG Funding Blocks	Final DSG Allocation 2017/18 £000s	Final Distribution / Spend 2017/18 £000s	Variation (Surplus) / Deficit £000s
DSG Reserve Brought Forward from 2016/17			(4,024)
Schools Block	153,486	153,736	250
Centrally Retained Services (former Education Services Grant)	545	545	0
High Needs Block (Pre/Post 16)	19,035	19,413	378
Early Years Block	13,958	13,661	(297)
Early Years Block - 2016/17 Reserve Adjustment		228	228
Retrospective Gains Cap	0	308	308
Trade Unions De-delegated (plus income from Academies)	205	197	(8)
Contingency De-delegated	90	1	(89)
Retrospective Business Rate Refunds	0	(611)	(611)
Interest Received on Reserve	0	(16)	(16)
In year balance	187,318	187,461	143
DSG Reserve as at the end of 2017/18			(3,881)

- 2.3 The deficit of £0.250m on the schools block relates to diseconomies funding of £0.222m for Discovery Academy, growth funding of £0.162m, partly offset by in year business rates refunds and other minor surpluses of (£0.134m).
- 2.4 The centrally retained services allocation of £0.545m was fully spent. This supported costs for the Director of Children’s Services, planning for schools, asset management, Education Welfare and statutory functions carried out by finance and internal audit.
- 2.5 The deficit on the high needs block of £0.378m mainly relates to the increase in the number of Education Health Care Plans issued leading to an increase in funding required in special and maintained schools, along with increased costs in pre 16 independent, non-maintained special schools settings and out of borough education placements. This was partly offset by a surplus on the post 16 placement costs and small surplus on the central SEN Support Services.
- 2.6 The surplus on the early years block of (£0.297m) is not the final position as an adjustment will be made in June 2018 for the 2017/18 early years grant allocation. It is anticipated this amount will be recouped. The breakdown of the estimated outturn position is included in table 2 below. An update on this position will be reported to Schools Forum in October 2018.

TABLE 2

	Allocation 2017/18 at March 2018 £000s	Final Distribution / Spend 2017/18 £000s	Estimated Outturn (Surplus) / Deficit £000s
Early Years Funding Block			
Early Years for 3 and 4 Year Olds	8,588	8,356	(233)
Early Years for 3 and 4 Year Olds Extended Entitlement	1,511	1,872	362
Early Years for 2 Year Olds	3,007	2,898	(108)
Early Years Pupil Premium	123	134	10
Early Years Disability Access Fund	49	18	(31)
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	234	188	(46)
Early Years Centrally Retained Expenditure (2 Year Olds)	57	57	0
Early Years Contingency Fund (3 & 4 Year Olds)	239	83	(155)
Early Years Contingency Fund (2 Year Olds)	0	0	0
SEN Inclusion Fund	150	54	(96)
Total	13,958	13,661	(297)

- 2.7 As stated in 2.6 above, the DfE retrospectively adjust for the final early years grant allocation. The amount of £0.228m (table 1) was the adjustment made in relation to the final 2016/17 early years grant allocation.
- 2.8 The retrospective gains cap of £0.308m was funding which should have been allocated in 2016/17 for those schools subject to a gains cap. This was brought forward through the DSG reserve into 2017/18 and then allocated to schools in 2017/18.
- 2.9 The Contingency and Trade Union Support Services have a collective unspent budget total of £0.097m at year end. Schools Forum must determine how the unspent budget against each of these de-delegated budget areas is used in the next financial year. The

recommendations to allocate the unspent funding back to schools are included on the front of this report. The Schools Forum vote on the Contingency unspent budget will need to be taken only by the primary sector as they de-delegated these service costs. The Trade Union Support Service covers both sectors.

- 2.10 A number of revaluations in relation to business rates have been undertaken. This has resulted in retrospective business rates refunds of (£0.611m) in 2017/18. There was also interest received on the DSG reserve of (£0.016m). These items have therefore significantly reduced the in year deficit.

3. DEDICATED SCHOOLS GRANT NOTE TO THE ACCOUNTS

- 3.1 The 2017/18 Council Statutory accounts were completed on 30 May 2018 and submitted for external audit. An extract from this are included below for Forum to note. The extract discloses details of the 2017/18 DSG and its cumulative surplus of £3.881m.
- 3.2 “The Council’s expenditure on schools is funded primarily by grant monies provided by the Department for Education. The DSG is ring fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations 2017. Detail of the deployment of the DSG received is as follows:”

TABLE 3

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2017/18 before Academy recoupment			187,318
Academy figure recouped for 2017/18			(60,181)
Total DSG after Academy recoupment			127,137
Brought forward from 2016/17			4,024
Less: Carry forward to 2018/19 agreed in advance			3,545
Agreed budget distribution for 2017/18	15,958	111,659	127,617
In year adjustments	(220)	0	(220)
Final budget distribution for 2017/18	15,738	111,659	127,397
Actual central expenditure	14,781		14,781
Actual ISB deployed to schools		112,280	112,280
Carry forward to 2018/19	957	(621)	3,881

4. DSG BUDGET SUMMARY UPDATE FOR 2018/19

- 4.1 The current DSG settlement for 2018/19 and projected use of the grant is included in table 4 for Forum to note;

TABLE 4

DSG Funding Blocks	Current DSG Settlement 2018/19 £000s	Projected Distribution / Spend 2018/19 £000s	Variation (Surplus) / Deficit £000
Schools Block	158,764	158,960	195
Central School Services Block	897	897	0
High Needs Block (Pre/Post 16)	19,396	20,396	1,000
Early Years Block	15,717	15,717	0
Trade Unions De-delegated (plus income from Academies)	254	254	0
Total	195,028	196,223	1,195

- 4.2 The projected deficit on the schools block relates to diseconomies funding of £0.153m (this will be funded from the reserve as previously agreed) and £0.056m of business rates adjustments due to the actual charges being higher than estimated. This is partly offset by a small surplus on growth funding of £0.013m. The growth fund total is £0.671m and £0.657m has been allocated to schools.
- 4.3 The central school services block (CSSB) allocation includes the funding for the Admissions Service, Schools Forum and Licences as well as the centrally retained services (former supported by the Education Services Grant). As stated in 2.4 the centrally retained service element supported costs for: the Director of Children's Services; Planning for Schools; Asset Management; Education Welfare and statutory functions carried out by Finance and Internal Audit in 2017/18. The allocation of the funding for this block is currently under review and an update will be provided to Schools Forum in October 2018.
- 4.4 The projected deficit on the high needs block is £1.000m. Due to the significant variation a detailed update is included in Section 5 of this report.
- 4.5 The analysis for the anticipated allocation / distribution of the early years block is included in table 5 below. The table reflects updated projections for the allocation of the early years block compared with the estimated allocation included in the Schools Forum report in February 2018.

TABLE 5

Early Years Funding Block	Allocation 2018/19 at February 2018 £000s	Projected Allocation 2018/19 at May 2018 £000s	Variation £000s (Surplus) / Deficit £000
Early Years for 3 and 4 Year Olds	8,982	8,649	(332)
Early Years for 3 and 4 Year Olds Extended Entitlement	2,817	3,359	542
Early Years for 2 Year Olds	3,006	2,870	(136)
Early Years Pupil Premium	123	123	0
Early Years Disability Access Fund	51	51	0
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	271	271	0

Early Years Centrally Retained Expenditure (2 Year Olds)	58	58	0
Early Years Contingency Fund (3 & 4 Year Olds)	258	48	(209)
Early Years Contingency Fund (2 Year Olds)	0	136	136
SEN Inclusion Fund	254	150	0
Total	15,717	15,717	0

4.6 The trade unions allocation of £0.254m (table 4) currently assumes de-delegation of £0.150m, as agreed at Schools Forum in February 2018, plus income from academies of £0.104m.

5. HIGH NEEDS FUNDING UPDATE FOR 2018/19

5.1 High Needs Funding covers the education of high needs pupils from age 0-25 in a range of provisions including special schools, mainstream schools, alternative provision and independent specialist provision.

5.2 The High Needs Block is allocated for the first time in 2018/19 on a National Funding Formula. The following factors are included:

- Basic Entitlement – pupil numbers
- Historic Spend Factor – 50%
- Proxy Factors – Population; Disability Living Allowance; Children in Bad Health; Low Attainment KS2 & KS4; Free School Meals (FSM) and Income Deprivation Affecting Children Index (IDACI)
- Hospital Education Factor
- Funding Floor Factor
- Import/Export Adjustments

5.3 The current DSG Settlement for 2018/19 is £19.396m. This included an increase in funding of £0.583m (3.4%). The increase is based on historic spend and the proxy factors. There will be a further increase in 2019/20 of £0.540m (2.8%). Table 6 below, sets out the current planned spend against the settlement.

TABLE 6

High Needs Block 2018/19	Expenditure/ (Income) £000
DSG Settlement 2018/19 (at April 2018)*	19,396
Special Schools & Pupil Referral Unit	11,989
Resourced Provision	342
EHCP's in Mainstream	1,611
SEN Support Services (Council Run Services)	1,876
Independent, Non Maintained Special Schools (NMSS) & Out of Borough Placements	1,551
Post 16	3,178
Hospital Education Placements	119
Less Income from Out Of Borough Placements	(270)
Budget Requirement	20,396
Projected Deficit at end of 2018/19	1,000

* The Final settlement will be announced July 2018 which will include an adjustment for import/exports of high needs pupils across Local Authorities.

- 5.4 The current pressure is mainly due to:
- the increasing high needs population such as special school places and resourced provision
 - a significant increase in the number of EHCP's issued in 2017/18 compared to 2016/17 and anticipated further increases in 2018/19 requiring top up funding in mainstream schools.
 - increases in the number of Post 16 placements requiring top up funding
- 5.5 The Local Authority will be working towards a review of high needs funding and provision in light of:
- the recent report commissioned 'Review of Special Educational Needs and Disability Provision',
 - a request from special school head teachers
 - the pressure on the High Needs Block
 - a review of funding arrangements for the Tameside Pupil Referral Service (TPRS)
- 5.6 In special schools, places have been agreed for September 2018 (table 7 below) but we are already seeing growth beyond these numbers. There are some small pockets of empty/earmarked places over the summer term but we are expecting numbers to increase beyond the numbers agreed for September and although an element of growth has been built into the above figures we may see increases beyond the growth included. This will be monitored carefully throughout the year and work will start on projecting the budget for 2019/20 shortly.

The current places commissioned at April 2018 and September 2018 are shown in table 7 below.

TABLE 7

Commissioned Places in Special Schools	PAN	Apr-18	Sep-18	Total
Cromwell High School	70	75	70	72.08
Hawthorns Community School	66	85	85	85.00
Oakdale School	110	115	115	115.00
Samuel Laycock School	130	130	130	130.00
Thomas Ashton School	56	56	56	56.00
TPRS - EHCP's	21	21	21	21.00
TPRS - NON EHCP's	85	85	85	85.00
Total Places	538	567	562	564.08

- 5.7 There are similar pressures on places in some of the resourced units, which are currently operating at maximum or over capacity. However, there are some units that do need further review as these are running with empty places. Details of current places commissioned are included in table 8 below.

TABLE 8

Commissioned Places in Resourced Units	PAN	Apr-18	Sep-18	Total
Oakfield Academy	8	10	10	10.00
The Heys Primary	8	1	0	0.42
Russell Scott Primary	8	8	8	2.00

Linden Road Primary Academy (HI Unit)	8	8	8	8.00
St John Fisher Primary (Autistic CLASS)	12	12	12	12.00
Hyde Community College	17	17	17	17.00
St Thomas More RC College	15	15	15	15.00
Total Places	76	71	70	70.42

- 5.8 The review of the resourced provision is currently ongoing into whether a new provision will be established elsewhere within the borough.
- 5.9 Oakfield, The Heys, Russell Scott and Linden Road operate resourced units with place funding and top ups allocated directly to them and are included in the Resourced Provision cost in 5.3 above.
- 5.10 St John Fisher, Hyde Community College and St Thomas More RC College resourced units are a council managed service and costs are included in SEN Support Services (council run services) costs in 5.3. The place numbers included in table 8 for these schools are notional due to the Council operating/managing these units.
- 5.11 We are planning to take forward a number of actions particularly in light of the significant pressure on the High Needs Budget highlighted in 5.3. This will include both projecting the 2019/20 budget and the actions listed in 5.5.

6. KNOWN PRESSURES AND COMMITMENTS FOR 2018/19 AND BEYOND

- 6.1 The known commitments and projected pressures on the DSG are included in table 9 below. However, as discussed throughout this report further work is being undertaken in a number of areas. Therefore, further pressures could be identified which result in a further reduction in the DSG reserve.

TABLE 9

Reserve Projected Movements	Movement In Reserve (Increase)/ Decrease £000s
DSG Reserve Brought Forward from 2017/18	(3,881)
Current Reserve Commitments from Schools Block 2018/19	
Diseconomies Funding 2018/19	153
Projected in year deficit on business rates	56
Projected in year surplus on growth fund	(13)
Schools Block 2018/19 - Subtotal	195
High Needs Block 2018/19 - Projected in year deficit	1,000
Early Years Block - 2017/18 Estimated Reserve Adjustment	297
Schools Block 2019/20 - Diseconomies Funding	59
DSG Reserve Balance After Known Commitments	(2,330)

7. KEY UPDATES TO FUNDING

- 7.1 As part of the DfE continuing work on the national funding formula (NFF) for schools, they are developing a formula to allocate growth funding to enable Local Authorities to respond to significant in year pupil growth. For 2018/19 the growth factor has been allocated to Tameside on the basis of what Tameside planned to spend on its growth from its 2017/18 DSG, because it assumes future growth will follow the same pattern as historic growth. The allocation for Tameside was £0.326m. However, the required growth funding amount for 2018/19 is £0.657m due to the increase in pupil numbers coming through from the primary sector into the secondary sector.
- 7.2 The DfE is considering options for funding growth in 2019/20 and beyond. Therefore at this stage we do not know how much funding will be received after 2018/19. The implications of this are that any reduction in funding would mean that there would either have to be:
- a reduction in the amount allocated through growth to match the resources available, or;
 - a reduction in the schools block formula allocations for all schools (reflecting that we are still in a soft formula) to enable funds to be moved into the growth pot to match the resources required.
- 7.3 The DfE have invited officers from each Local Authority to attend an information session on the 2019/20 Schools NFF. The session took place on 18 June. This report was completed prior to this event taking place and therefore updates for 2019/20 and beyond will be reported at Schools Forum in October 2018.

8. RECOMMENDATIONS

- 8.1 As stated on the report cover.