

Report To:	SCHOOLS FORUM
Date:	23 October 2018
Reporting Officer:	Tom Wilkinson – Assistant Director Finance Tim Bowman – Assistant Director Education
Subject:	DEDICATED SCHOOLS BUDGET UPDATE FOR 2018/19 EARLY YEARS OUTTURN POSITION FOR 2017/18
Report Summary:	A report on the Dedicated Schools Grant budget position for the 2018/19 financial year and update on the Early Years final outturn position for the financial year 2017/18.
Recommendations:	Members of the Schools Forum are requested to note the contents of the report.
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 Pensions by :



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1. INTRODUCTION

1.1 This report is presented to provide an update on the DSG budget for 2018/19 and advise School Forum of the final outturn position for the Early Years element of Dedicated Schools Grant (DSG) for 2017/18. The report sets out:

- A budget update for the DSG for 2018/19 (including final settlement of 2017/18 DSG) (Section 2)
- A high needs funding update for 2018/19 (Section 3)
- Known pressures and commitments for 2018/19 and beyond (Section 4)

2. DSG BUDGET SUMMARY UPDATE FOR 2018/19

2.1 The updated DSG allocations for 2018/19 were received in July 2018. An updated allocation for 2017/18 was also received, specifically in relation to Early Years.

2.2 The updated allocations take account of January 2018 census data which has resulted in the following changes:

- For 2017/18 the overall allocation for Early Years has increased by £0.653m. It was reported in June 2018 that there was an overall estimated surplus on Early Years of £0.297m. It was anticipated that this amount would be recouped once the allocation was finalised. However, the updated allocation has provided an additional £0.356m surplus. Therefore, there is a total surplus of £0.653m relating to 2017/18. This is detailed in table 1 below;
- For 2018/19 the overall allocation for Early Years has increased by £0.551m. A detailed update of the Early Years block for 2018/19 included in table 2.

TABLE 1

Early Years Funding Block	Final Distribution / Spend 2017/18 £000s	Estimated Outturn Surplus / (Deficit) £000s	Final Allocation for 2017/18 £000s	Outturn Surplus / (Deficit) £000s
Early Years for 3 and 4 Year Olds	8,356	233	8,573	218
Early Years for 3 and 4 Year Olds Extended Entitlement	1,872	(362)	2,051	179
Early Years for 2 Year Olds	2,898	108	2,837	(61)
Early Years Pupil Premium	134	(10)	124	(10)
Early Years Disability Access Fund	18	31	49	31
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	188	46	234	46
Early Years Centrally Retained Expenditure (2 Year Olds)	57	0	57	0
Early Years Contingency Fund (3 & 4 Year Olds)	83	155	239	155
SEN Inclusion Fund	54	96	150	96
Total	13,661	297	14,315	653

2.3 The DfE have recognised that authorities are likely to have received more Disability Access Fund (DAF) funding than they have paid out to providers. The DfE expect authorities to

spend any DAF funding not paid to providers in 2017/18 on services that are in line with the principles and aims of DAF. Local authority officers will discuss how this can be spent in line with the DfE statement, across the early year's sector.

- 2.4 Local authority officers will discuss the remaining surplus for 2017/18 and what the approach for the surplus will be.

TABLE 2

Early Years Funding Block	Early Years DSG Allocation 2018/19 at July 2018 £000	Projected Distribution / Spend 2018/19 at Sept 2018 £000	Projected Outturn Surplus / (Deficit) £000
Early Years for 3 and 4 Year Olds Universal and Extended Entitlement (including contingency)	12,899	12,553	347
Early Years for 2 Year Olds	2,714	2,781	(67)
Early Years Pupil Premium	124	157	(33)
Early Years Disability Access Fund	51	27	24
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	271	271	0
Early Years Centrally Retained Expenditure (2 Year Olds)	58	58	0
SEN Inclusion Fund	150	150	0
Total	16,267	15,996	271

- 2.5 Table 2 reflects the updated Early Years allocations of the funding compared with projected distribution / spend against the grant. The projections are based on estimates for uptake and will continue to be updated throughout the financial year.
- 2.6 As in previous years, the final allocation of Early Years funding will not be announced until June 2019. Therefore, any projected surplus may be recouped by the DfE.
- 2.7 The updated DSG allocation for 2018/19 and projected use of the grant is included in table 3.

TABLE 3

DSG Funding Blocks	Current DSG Settlement 2018/19 £000	Projected Distribution / Spend 2018/19 £000	Variation Surplus / (Deficit) £000
Schools Block	159,018	159,183	(165)
Central School Services Block	897	897	0
High Needs Block (Pre/Post 16)	19,324	20,396	(1,072)
Early Years Block	16,267	15,996	271
Total	195,507	196,472	(965)

- 2.8 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 and business rate relief of £0.030m not recouped by the DfE further to an academy conversion.
- 2.9 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 (formerly supported by the Education Services Grant).
- 2.10 As reported in June 2018 the centrally retained service allocation of the CSSB was under review. The review of the services this element of grant should support has now been undertaken and further detail can now be provided. This element of the DSG is supporting the statutory costs of: the Director of Children's Services; the Assistant Director of Education; Planning for Schools; Asset Management; Health and Safety; SACRE; Education Welfare, Appeals and statutory functions carried out by Finance and Internal Audit.
- 2.11 The projected deficit on the high needs block is £1.072m. An update for High Needs is included in Section 3 of this report.
- 2.12 As agreed in February 2018, maintained schools in the primary and secondary sectors agreed to de-delegation for the Trade Union Support Service. The de-delegation amount from maintained schools is £0.150m. Income from academies is £0.054m. At present the projected actual spend against this income is £0.205m. A review of the spend is currently taking place.

3. HIGH NEEDS FUNDING UPDATE FOR 2018/19

- 3.1 The updated DSG Settlement for 2018/19 is £19.324m. Table 4 has been updated to take into account the final allocation. The pressure on the high needs budget of £1.072m includes estimated growth across all sectors of approx. £0.9m. The current projections do show growth is continuing at expected levels and the £0.9m is a realistic estimate at this time (following the summer term adjustments). This will continue to be closely monitored and assessed when the next funding update is calculated at the end of the autumn term.

TABLE 4

High Needs Block 2018/19	Expenditure/ (Income) £000
DSG Settlement 2018/19	19,324
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	1,072

- 3.2 As previously reported 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
- 3.3 The funding pressures we are facing in Tameside are being replicated in local authorities across the country. Pressure on schools budgets, (stand still budgets, LA funding cuts), fundamental changes in education policy (children's and families act) and increasing accountability are all impacting. Managing these pressures whilst continuing to support those children most in need, will require us to think differently about our practice, provision and places we commission.
- 3.4 As previously agreed by the Forum. We will review how High Needs Funding is allocated, what places are commissioned and how effective services are in the support of high needs learners. This is the only sustainable way to reduce this deficit.
- 3.5 Any decisions around changes to funding and commissioning arrangement will need to be brought to the forum in February 2019, if they are to be put in place for 2019/20 academic year. In addition any changes to places commissioned in academies and post 16 institutions need to be communicated to the ESFA before the end of this calendar year.
- 3.6 We proposed to undertake this review in two parts. Firstly, we intend to review the current allocations of high needs places. This work is already underway. We intend to discuss options with schools leaders before the next Forum meeting. We will concentrate these discussions on the following areas;
- Funded but unfilled places
 - Protocols for funding in-year growth
 - Maximizing element three funding in mainstream schools
 - Funding of places and provision for excluded pupils and those at risk of exclusion.

We will report on progress at the December Forum meeting. Secondly, and in partnerships with social care and health colleagues we intend to produce a five year commissioning intentions document. This document will be a more wide ranging review. It will include an up to date needs analysis. Work on this review is again under way. Joint work on self-evaluation of SEND services is due to be completed this month. This commissioning intentions document will be available for discussion by the forum during the summer term and will contain recommendations for implementation in financial year 2020/21. We will engage School leaders in all aspects of this work.

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

- 4.1 The known commitments and projected pressures on the DSG are included in table 5 below. This has been updated to reflect the updated surplus on the Early Years block from 2017/18. Ongoing monitoring will continue to review the position of the reserve.

TABLE 5

	Surplus / (Deficit) £000
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	(26)
Projected in year surplus on growth fund	13
Schools Block 2018/19 - Subtotal	(165)
High Needs Block 2018/19 - Projected in year deficit	(1,072)
Early Years Block - 2017/18 Surplus	653
Schools Block 2019/20 - Diseconomies Funding	(59)
DSG Reserve after Commitments	3,238

5. RECOMMENDATIONS

5.1 As stated on the report cover.