

Report To: **SCHOOLS' FORUM**

Date: 12 February 2019

Reporting Officer: Tom Wilkinson, Assistant Director Finance
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Subject: **DEDICATED SCHOOLS GRANT BUDGET UPDATE 2018/19**

Report Summary: A report on the Dedicated Schools Grant budget position for the 2018/19 financial year.

Recommendations: Members of the Schools Forum are requested to note the contents of the report.

Corporate Plan: 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: The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
(Authorised by the statutory Section 151 Officer & Chief Finance Officer)


Legal Implications: There is a statutory duty to use resources efficiently and effectively against priorities.
(Authorised by the Borough Solicitor)

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 Information: The background papers relating to this report can be inspected by contacting

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1. INTRODUCTION

1.1 This report is presented to provide an update on the DSG budget for 2018/19. The report sets out:

- A budget update for the DSG for 2018/19 (Section 2)
- A high needs funding update for 2018/19 (Section 3)
- An early years funding update for 2018/19 (Section 4)
- Known pressures and commitments for 2018/19 and beyond (Section 5)

2. DSG BUDGET SUMMARY UPDATE FOR 2018/19

2.1 The updated DSG settlement for 2018/19 was received in December 2018. The updated allocations include Additional Pressures funding of £0.517m for High Needs as announced by Secretary of State, Damien Hinds on 16 December 2018. The updated DSG settlement for 2018/19 and projected distribution/spend is included in table 1.

TABLE 1

DSG Funding Blocks	Current DSG Settlement 2018/19 £000	Projected Distribution / Spend 2018/19 £000	Variation Surplus / (Deficit) £000
Schools Block	159,018	159,089	(70)
Central School Services Block	897	897	0
High Needs Block (Pre/Post 16)	19,841	21,002	(1,161)
Early Years Block	16,267	15,861	407
Total	196,024	196,848	(824)

2.2 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 and business rate relief from academy conversions and prior year adjustments of £0.125m.

2.3 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 (formerly supported by the Education Services Grant).

2.4 The centrally retained service allocation is supporting a proportion of 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.

2.5 The projected deficit on the high needs block is £1.161m. An update for High Needs is included in Section 3 of this report.

2.6 The projected surplus on the early years block is £0.407m. An update for early years is included in section 4 of this report.

2.7 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 £0.052m. At present the

projected actual spend against this income is £0.205m. The spend will continue to be monitored and the outturn position reported at Schools Forum in June 2019.

3. HIGH NEEDS FUNDING UPDATE FOR 2018/19

- 3.1 On 16 December 2018, the Secretary of State for Education, Damian Hinds announced £250m of funding across 2 financial years 2018/19 and 2019/20 to address the national pressure on High Needs spending and in response to representations made by Local Government and Schools. Tameside have been allocated an additional £0.517m both in 2018/19 and 2019/20 which will partly offset the projected deficit on this budget.
- 3.2 The budget has been updated to include the additional funding and the revised forecast for year-end is an approximate deficit of £1.161m (original deficit was £1.072m in December 18) the breakdown of which is shown in table 2 below. However there is still some work ongoing to verify the Independent and Post 16 spend, as well as completing the real time exercise for the Spring Term which could impact on the final outturn figure.

TABLE 2

High Needs Block 2018/19	Expenditure/ (Income) £000
DSG Settlement 2018/19	(19,841)
Special Schools & Pupil Referral Unit	12,328
Resourced Provision	371
EHCP's in Mainstream	1,451
SEN Support Services (Council Run Services)	1,806
Independent, Non Maintained Special Schools (NMSS) & Out of Borough Placements	2,181
Post 16	3,074
Hospital Education Placements	57
Less Income from Out Of Borough Placements	(266)
Budget Requirement	21,002
Projected Deficit at end of 2018/19	1,161

- 3.3 As previously reported the forum the High Needs block is under significant pressure arising from a number of areas;
- the increasing high needs population such as special school places and resourced provision and
 - Increase Education Health Care Plans being issued...
 - Increases in the number of Post 16 placements requiring top up funding and
 - Increased spending in supporting Tameside children in the Independent Sector or Out of Borough placements.
- 3.4 The funding pressures we are facing in Tameside are being replicated in local authorities across the country. As discussed previously we will be looking at ways to manage these pressures whilst continuing to support those children most in need, this will require us to think differently about our practice, provision and places we commission.
- 3.5 Our commissioning intentions review is underway. The LA has commissioned dedicated resource to deliver this work. We will engage the School Funding Group fully in its development. Timescales for the report are on track and a draft will be with partners for discussion early in Summer Term. The self-evaluation of SEND services is completed and

has reported to the SEND Strategic Board and was discussed with Ofsted in the LA's Annual Conversation.

4. EARLY YEARS

- 4.1 Table 3 provides an update on the 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.

TABLE 3

Early Years Funding Block	Early Years DSG Allocation 2018/19 £000	Projected Distribution / Spend 2018/19 at Jan 2019 £000	Projected Outturn Surplus / (Deficit) £000
Early Years for 3 and 4 Year Olds Universal and Extended Entitlement (including contingency)	12,899	12,385	514
Early Years for 2 Year Olds	2,714	2,817	(103)
Early Years Pupil Premium	124	156	(32)
Early Years Disability Access Fund	51	23	28
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	15,861	407

- 4.2 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.
- 4.3 The DfE expect authorities to spend any DAF funding not paid to providers in 2018/19 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.
- 4.4 Local authority officers plan to discuss the remaining surplus for 2017/18 which was detailed in the October 2018 Schools Forum at the Schools Funding Group as to what the approach for the surplus will be.

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

- 5.1 The known commitments and projected pressures on the DSG are included in table 4 below. Ongoing monitoring will continue to review the position of the reserve.

TABLE 4

	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 surplus on business rates	69
Projected in year surplus on growth fund	13
Schools Block 2018/19 - Subtotal	(70)
High Needs Block 2018/19 - Projected in year deficit	(1,161)
Early Years Block - 2017/18 Surplus	653
Refunds for De-delegated items from 2017/18	(96)
DSG Reserve after Commitments	3,207

6. RECOMMENDATIONS

6.1 As stated on the report cover.