

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	25 June 2019
<b>Reporting Officer:</b>	Tom Wilkinson – Assistant Director Finance Tim Bowman – Assistant Director Education
<b>Subject:</b>	<b>DEDICATED SCHOOLS GRANT OUTTURN POSITION FOR 2018-19 AND BUDGET UPDATE FOR 2019-20</b>
<b>Report Summary:</b>	A report on the Dedicated Schools Grant outturn position for the financial year 2018-19 and an update of the budget position for the financial year 2019-20.
<b>Recommendations:</b>	Members of the Schools' Forum are requested to note the contents of the report.
<b>Corporate Plan:</b>	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial policy and framework.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.  The current projection for 2019-20 is expected to be a deficit on the DSG which would require a deficit recovery plan to be submitted by the Local Authority (LA) to the Department for Education (DfE).
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	There is a statutory duty to use resources efficiently and effectively against priorities. In noting the report Members should ensure they understand the outturn and budget positions and that robust challenge is factored into the reporting mechanism.
<b>Risk Management:</b>	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.
<b>Access to Information:</b>	<b>NON-CONFIDENTIAL</b>  <b>This report does not contain information which warrants its consideration in the absence of the Press of members of the public.</b>
<b>Background Information:</b>	The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and Pensions by:   Telephone: 0161 342 3216   e-mail: christine.mullins@tameside.gov.uk

## 1. INTRODUCTION

1.1 This report is presented to advise Schools' Forum of the outturn position for the overall Dedicated Schools Grant (DSG) for 2018-19, to provide an update on the DSG budget for 2019-20 and the DSG reserve. The report sets out:

- The final outturn position for the DSG for 2018-19 (Section 2)
- The DSG reserve position at 31 March 2019 (Section 3)
- A budget update for the DSG for 2019-20 (Section 4)
- Estimated DSG reserve position at 31 March 2020 (Section 5)

## 2. DEDICATED SCHOOLS GRANT FINAL OUTTIRN FOR 2018-19

2.1 The outturn position against the 2018-19 DSG settlement is shown in table 1.

**TABLE 1 – DSG Outturn 2018-19**

<b>DSG Funding Blocks</b>	<b>DSG Settlement 2018-19 at March 2019 £000</b>	<b>Distribution / Spend 2018-19 £000</b>	<b>Variation Surplus / (Deficit) £000</b>
Schools Block	159,018	159,078	(60)
Central School Services Block	897	890	7
High Needs Block (Pre/Post 16)	19,841	21,295	(1,453)
Early Years Block	16,267	15,698	570
<b>Total</b>	<b>196,024</b>	<b>196,961</b>	<b>(937)</b>

Note: table above does include roundings

2.2 The deficit on the schools block relates to diseconomies funding of £0.153m, (this is 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 £0.135m.

2.3 The surplus on the central school services block (CSSB) relates to the School Forum and SACRE (statutory duty) allocations not being fully utilised.

2.4 The deficit on the high needs block is £1.453m and further information can be found as a separate agenda item.

2.5 The surplus on the early years block is currently £0.570m. Final allocations for the early year's settlement will be provided by the DfE in June/July 2019. The final allocation is affected by early year's census data from January 2019. This is estimated to result in an additional increase in the surplus of £0.109m.

**TABLE 2 - Early Years Breakdown**

<b>Early Years Funding Block</b>	<b>Early Years DSG Settlement 2018-19 at March 2019 £000</b>	<b>Distribution / Spend 2018-19 £000</b>	<b>Outturn Surplus / (Deficit) at March 2019 £000</b>	<b>Estimated Final Allocation for 2018-19 £000</b>	<b>Estimated Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal and Extended Entitlement (including contingency)	12,892	12,263	629	13,067	804
Early Years for 2 Year Olds	2,719	2,765	(46)	2,653	(112)
Early Years Pupil Premium	124	161	(37)	124	(37)
Early Years Disability Access Fund	51	28	23	51	23
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	279	260	19	279	19
Early Years Centrally Retained Expenditure (2 Year Olds)	52	52	0	52	0
SEN Inclusion Fund (3 & 4 Year Olds)	150	169	(19)	150	(19)
<b>Total</b>	<b>16,267</b>	<b>15,698</b>	<b>570</b>	<b>16,376</b>	<b>679</b>

Note: table above does include roundings

- 2.6 The surplus on 3 and 4 year olds is reflective of the increase in uptake of the extended entitlement and the potential to retain more funding centrally (5% of the allocation allowable retention is £0.666m and therefore a further £0.387m could have been retained) to support early years services. The deficits on the 2 year old offer and early years pupil premium are more than offset by the surplus on 3 and 4 year olds. An update on the final early years settlement will be reported to the Schools' Forum in October 2019.
- 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 for maintained schools is £0.150m and income from academies is £0.052m. This outturn against this budget was £0.210m resulting in a deficit of £0.08m. The local authority has funded the overspend in 2018-19, however it should be noted that the LA has the right to request schools forum to fund this overspend from the following year's budget. On this occasion the LA has waived the right to do this but will need to consider this option in future years.
- 2.8 The overall DSG in-year deficit of £0.937m has been funded from DSG reserve and further details of the reserve movements are included in Section 3.

### **3. DSG RESERVE AS AT 31 MARCH 2019**

- 3.1 Table 3 provides details of the closing position of the DSG reserve for 2018-19. The DSG note to the accounts is published in the following location:  
<https://www.tameside.gov.uk/statementofaccounts/1819>

**TABLE 3 - DSG Reserve**

	Surplus/ (Deficit) £000
<b>DSG Reserve Brought Forward from 2017-18</b>	<b>3,881</b>
<b>Reserve Commitments from Schools Block 2018-19</b>	
Diseconomies Funding 2018-19	(153)
In year surplus on business rates	79
In year surplus on growth fund	13
<b>Schools Block 2018-19 Subtotal</b>	<b>(60)</b>
<b>In year surplus on Central Services Schools Block</b>	<b>7</b>
<b>In year deficit on High Needs Block</b>	<b>(1,453)</b>
<b>Current in year surplus on Early Years</b>	<b>570</b>
<b>Early Years Block 2017-18 Adjustment</b>	<b>357</b>
<b>Refunds for De-delegated items from 2017-18</b>	<b>(96)</b>
<b>Interest Received</b>	<b>24</b>
<b>DSG Reserve after Commitments</b>	<b>3,228</b>

Note: table above does include roundings

#### 4. DSG BUDGET UPDATE FOR 2019-20

- 4.1 The current DSG settlement for 2019-20 and projected distribution/spend is included in table 4.

**TABLE 4 – DSG Forecast for 2019-20**

DSG Funding Blocks	DSG Settlement 2019-20 at March 2019 £000	Projected Distribution / Spend 2018-19 £000	Variation Surplus / (Deficit) £000
Schools Block	162,369	162,355	14
Central School Services Block	925	925	0
High Needs Block (Pre/Post 16)	20,854	26,360	(5,507)
Early Years Block	16,270	16,270	0
<b>Total</b>	<b>200,418</b>	<b>205,910</b>	<b>(5,492)</b>

Note: table above does include roundings

- 4.2 The projected surplus on the schools block relates to a surplus on growth funding of £0.019m partly offset by £0.005m of business rates adjustments due to the actual charges being slightly higher than estimated.
- 4.3 The CSSB allocation includes funding for the Admissions Services, Schools' Forum and Licences as well as the centrally retained services (formally supported by the Education Services Grant).
- 4.4 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.

- 4.5 The projected deficit on the high needs block is £5.507m and further information on this can be found as a separate agenda item.
- 4.6 The analysis of the projected distribution/spend of the early years block is included in table 5. The early years settlement is based on what we have been notified by DfE but will be subject to change in June/July when the allocation will be updated to reflect January 2019 early years census data. The estimated settlement and projected distribution/spend is included in table 6. The projected distribution/spend is based on the indicative budgets provided to schools and PVI's and will continue to be updated throughout the year.

**TABLE 5 – Current DFE Funding Allocation projection**

<b>Early Years Funding Block</b>	<b>Early Years DSG Settlement 2019-20 at March 2019 £000</b>	<b>Projected Distribution / Spend 2019-20 £000</b>	<b>Projected Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal and Extended Entitlement (including contingency)	12,638	12,694	(57)
Early Years for 2 Year Olds	2,719	2,762	(43)
Early Years Pupil Premium	124	124	0
Early Years Disability Access Fund	54	54	0
Early Years Centrally Retained Expenditure (3 & 4 Year Olds) based on 4% Retention	533	434	99
Early Years Centrally Retained Expenditure (2 Year Olds)	52	52	0
SEN Inclusion Fund	150	150	0
<b>Total</b>	<b>16,270</b>	<b>16,270</b>	<b>0</b>

Note: table above does include roundings

- 4.7 Based on the current settlement provided by the DFE, and the projected distribution/spend, it is expected to be a projected deficit which would need to be met from the central retained element of early years funding.
- 4.8 Table 6 provides an estimate of the settlement we anticipate receiving in June/July. This would give a net surplus against the projected distribution/spend. There is potential to retain more funding for central services in this scenario as the central retention is currently 4% of the 3 & 4 year old estimated settlement. The June/July settlement and updated projections will be reported to the Schools' Forum in October 2019.

**TABLE 6 – Estimated Early Years Settlement**

<b>Early Years Funding Block</b>	<b>Estimated Settlement 2019-20 £000</b>	<b>Projected Distribution / Spend 2019-20 £000</b>	<b>Projected Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal and Extended Entitlement (including contingency)	12,927	12,694	232
Early Years for 2 Year Olds	2,608	2,762	(154)
Early Years Pupil Premium	124	124	0
Early Years Disability Access Fund	54	54	0
Early Years Centrally Retained Expenditure (3 & 4 Year Olds) based on 4% Retention	545	545	0
Early Years Centrally Retained Expenditure (2 Year Olds)	50	50	0
SEN Inclusion Fund	150	150	0
<b>Total</b>	<b>16,457</b>	<b>16,379</b>	<b>78</b>

- 4.9 As agreed in February 2019, 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 £0.114m. Income from special schools and academies is £0.054m. At present the projected annual spend is on target. The spend will be monitored throughout the year.
- 4.10 As agreed in February 2019, maintained schools in the secondary sector agreed to de-delegation for a Contingency Fund. The de-delegation amount is £0.032m and is further discussed in a separate agenda item.

## **5. ESTIMATED DSG RESERVE POSITION AT 31 MARCH 2020**

- 5.1 Table 7 provides details of the estimated closing position of the DSG for 2019-20.

**TABLE 7**

	<b>Surplus/ (Deficit) £000</b>
<b>DSG Reserve Brought Forward from 2018-19</b>	<b>3,228</b>
<b>Reserve Commitments from Schools Block 2018-19</b>	
Projected in-year deficit on business rates	(5)
Projected in-year surplus on growth fund	19
<b>Projected Schools Block 2019-20 Subtotal</b>	<b>14</b>
<b>Projected in-year deficit on High Needs Block</b>	<b>(5,507)</b>
<b>Estimated 2018-19 Early Years Block Adjustment</b>	<b>109</b>
<b>Estimated DSG Reserve at 31 March 2020</b>	<b>(2,156)</b>

- 5.2 Should all the projections materialise, there would be a deficit of £2.156m on the DSG. As a result a deficit recovery plan would have to be submitted to the DfE outlining how we expect to recover the deficit over the next 3 years. This will require discussions and agreement of the Schools Forum and the position will be closely monitoring throughout the year and updates will be reported to Schools' Forum.

## **6. CONCLUSION**

- 6.1 The in-year deficit in 2018-19 of £0.937m has resulted in the requirement to utilise some of the DSG reserve.
- 6.2 The projected deficit on the DSG for 2019-20 will require a deficit recovery plan to be submitted by the LA to the DfE.

## **7. RECOMMENDATIONS**

- 7.1 As set out at the front of the report.