

SCHOOLS FORUM - 26 JUNE 2018

Title of paper:	2017/18 DEDICATED SCHOOLS GRANT - OUTTURN REPORT
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Summary This report sets out the 2017/18 Dedicated Schools Grant (DSG) outturn and the updated reserve balance.	
Recommendation(s):	
1	To note that the 2017/18 financial outturn position of the DSG was an under-spend of £0.535m (0.21%) against a final budget of £255.522m.
2	To note that this under-spend has been allocated back to the Statutory Schools Reserve (SSR) resulting in a closing balance of £8.500m for 2017/18, as per Table 5 .
3	To note that the uncommitted balance on the SSR balance is £3.272m , as per Table 5 .

1. REASONS FOR RECOMMENDATIONS

- 1.1 Enabling the formal monitoring of progress against the 2017/18 DSG budget.
- 1.2 Confirm the impact on the SSR as a result of the 2017/18 outturn.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The 2017/18 initial schools budget as reported at Schools Forum on 19 January 2017 totalled £256.501m. There were a number of subsequent in-year changes totalling a net movement of £0.979m; this resulted in a **final budget of £255.522m**.

The movements are set out in **Table 1** below:

TABLE 1: IN YEAR BUDGET MOVEMENTS	
£m	Reason
(0.735)	Early Years (EY) - In-year reduction to Education Schools Funding Agency (ESFA) 2017/18 allocation based on the update for the January 2017 census.
0.152	EY – In year notification from ESFA of 2017/18 maintained nursery school supplementary funding. Drawn down from reserve as income not yet received from ESFA.
(3.012)	High Needs (HN) – In year reduction to ESFA 2017/18 allocation for recoupment, mainly relating to Raleigh Trust academisation.
0.178	Post 16 - Final ESFA income higher than initially budgeted.
2.440	Required use of DSG reserve earmarked for Alternative Provision funding on calculation of PRU indicative budgets.
(0.979)	TOTAL NET REDUCTION

Table 2 provides a summary, by DSG block, of actual spend compared to budget.

TABLE 2: 2017/18 OUTTURN SUMMARY				
	Budget as at 19Jan SF report £m	Final Budget £m	Actual Spend £m	(Under)/ Over Spend £m
Schools Block (see section 2.7)	207.007	207.007	206.862	(0.145)
Early Years Block (see section 2.3-2.6)	21.827	21.244	20.678	(0.566)
High Needs Block	27.667	27.271	27.447	0.176
TOTAL SCHOOLS BUDGET	256.501	255.522	254.987	(0.535)
Less funding not included in DSG allocation:				
ESFA income	0.764	0.941		
DSG reserves	0.278	2.870		
Total 2017/18 DSG allocation	255.458	251.710		

A majority of the under-spend mostly relates to the EY Block with the variances on the other blocks netting off.

2.3 **Table 3** provides a further breakdown of the EY block variance.

TABLE 3: BREAKDOWN OF EARLY YEARS BLOCK VARIANCES			
	Budget £m	Actual £m	(Under)/ Over Spend £m
2 Year old funding for schools/providers (see section 2.4)	3.716	4.273	0.557
3 & 4 year old funding for schools/providers (see section 2.4)	15.926	15.128	(0.798)
EY Pupil Premium	0.231	0.292	0.061
EY Disability Access Funding	0.090	0.014	(0.076)
Sub-total demand driven	19.963	19.707	(0.255)
EY Special Education Needs (SEN) funding (see section 2.5)	0.085	0.127	0.042
EY Central expenditure (see section 2.6)	1.195	0.843	(0.352)
Total 2017/18 Early Years Block	21.243	20.677	(0.566)

2.4 There were significant variances on both 2 year old and 3 & 4 year old funding. However, the ESFA will calculate a final adjustment to our 2017/18 DSG allocation in July 2018 to take into account pupil numbers from the January schools census and EY census.

They not been explicit about how they will calculate this final adjustment for the extended entitlement where our original funding allocation was based on a DfE estimate of potentially eligible children. To mitigate against any clawback the **£0.255m under spend will be ring-fenced in the SSR.**

2.5 Expenditure on allocations to Private, Voluntary and Independent settings for children with SEN was over budget in 2017/18. This was linked to the transition to the new SEN arrangements for EY pupils supported by the creation of an SEN inclusion fund for pupils in schools and PVI settings with emerging needs. The SEN inclusion fund budget for 2018/19 is £0.170m.

2.6 EY central expenditure was under spent in 201/18 by £0.352m mainly due to staff recruitment slippage and revisions to the staffing structure, which took place during the year. The EY central expenditure budget has been reduced by £0.234m for 2018/19.

2.7 The Schools Block was under-spent by £0.145m. The key variances making up this under-spend include £0.090m on pupil growth and pupils without a school place, £0.026m Safeguarding in educational establishments and £0.014m Behaviour Support Team.

2.8 HN block was over-spent by £0.176m (0.6%). The high needs budget benefited from an under-spend of £0.357m on Fair Access as this was funded from NCSEP reserves in 2017/18. This under-spend has been offset by an increase in the education cost of residential placements. There has been a significant increase

within the City during 2017/18 of HN placements due to the complexity of the care packages. This needs to be reviewed in more detail during the 2019/20 budget setting process to ensure future HN budget allocations reflect the activity.

2.9 The underspend of £0.535m has been allocated back to the SSR. Some of the under spend is ring fenced in accordance with Department for Education (DfE) guidelines or approvals at Schools Forum (SF).

2.10 There were a number of drawdowns from the SSR in year over and above the £2.870m to support the above budget. Some of these related to reserve commitments and some were unforeseen requirements, **Table 4** sets out the movements:

TABLE 4: IN YEAR RESERVE DRAW-DOWNS		
Commitments draw down £m	Other drawdowns £m	Reason
0.136		BSF wave 5
0.013		Contribution to NCSCB
0.072		Portacabins - Bulwell St Mary's
	0.382	EYDSG adjustment relating to 2016/17
	0.078	Drawdowns relating to schools e.g. includes rates adjustments, balances on closure
0.221	0.460	TOTAL

2.5 The SSR balance as at 1 April 2017 was £11.516m, after in year movements the balance is £8.500m.

2.6 **Table 4** below summarises the position on the reserve:

TABLE 5: RESERVE ANALYSIS	
	Actual £m
Opening Balance as at 1 April 2017*	11.516
Less: DSG reserve supporting 2017/18 budget (See Table 2)	(2.870)
Less: 2017/18 Draw downs (See Table 4)	(0.681)
Add: 2017/18 Under spend (See Table 2)	0.535
Closing Balance as at 31 March 2018	8.500
Less: Future Commitments (see Appendix A)	5.228
Uncommitted Balance as at a 1 April 2018	3.272

Appendix A sets out the commitments/ring fenced funding from the SSR resulting in an **unearmarked balance of £3.272m.**

- 2.7 The uncommitted element of the SSR is 1.23% of the 2017/18 DSG budget. There is no statutory requirement for the levels of this reserve however; this percentage is lower than that included in the Local Authorities Medium Term Financial Strategy which is between 3-5%.
- 2.8 All recommendations within this report align to the Schools and Early Years Finance Regulations 2018. Future use of the reserve needs to align to the following expenditure categories set out in **Table 6.**

TABLE 6: EXPENDITURE CATEGORIES
<p>HIGH NEEDS BUDGET</p> <p>Top-up funding – maintained schools Top-up funding – academies, free schools and colleges Top-up and other funding – non-maintained and independent providers Additional high needs targeted funding for mainstream schools and academies SEN support services Hospital education services Other alternative provision services Support for inclusion Special schools and Pupil Referral Units (PRU's) in financial difficulty PFI/ BSF costs at special schools and AP/ PRUs Direct payments (SEN and disability) Carbon reduction commitment allowances (PRUs)</p>
<p>EARLY YEARS BUDGET</p> <p>Central expenditure on children under 5</p>
<p>CENTRAL PROVISION WITHIN SCHOOLS BUDGET</p> <p>Contribution to combined budgets School admissions Servicing of schools forums Termination of employment costs Falling Rolls Fund Capital expenditure from revenue (CERA) Prudential borrowing costs Fees to independent schools without SEN Equal pay - back pay Pupil growth/ Infant class sizes SEN transport Exceptions agreed by Secretary of State Other Items</p>

- 2.9 The value of school balances has increased during the financial year 2017/18 from £6.845m to £7.430m. This is despite the fact that five primary schools have academised in year.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options were considered as part of this report.

4. OUTCOMES/DELIVERABLES

4.1 To provide SF with the 2017/18 outturn position and to confirm the opening balance of the SSR for 2018/19.

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

5.1 This report contains financial implications.

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

6.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2018. Spend from the SSR needs to align with the requirements of the Regulations.

7. HR ISSUES

7.1 Not applicable

8. EQUALITY IMPACT ASSESSMENT

8.1 An EIA is not needed as the report does not contain proposals or financial decisions.

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)	<input type="checkbox"/>
No	X
Yes – Equality Impact Assessment attached	<input type="checkbox"/>

Due regard should be given to the equality implications identified in the EIA.

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None

10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Schools Forum 21 April 2016 – Alternative Provision Model 2016/17

10.2 Schools Forum 19 January 2017 – Schools Budget 2017/18

APPENDIX A

No		Date Approved	Funding Narrative	2018/19 £m	Other Comments
1	Re-phased BSF Wave 5 funding	29 March 2012 - Agenda Item 12-03-10		0.446	2016/17 spend is carried forward from 2017/18 underspends.
2	Education Service Grant reduction	23 Feb 2012	Aligns to academising schools and the impact to LA services.	0.347	Academisation of schools late and in year affects achievement of service reduction.
3	Inter authority recoupment	DfE financial regs	This relates to children who cross borders to attend special schools. There will be no new commitments associated with this based on the new funding formula and any future charges will relate to outstanding charges from other authorities.	0.129	Under spend carried forward to support future liabilities.
4	Contribution to Nottingham Safeguarding Children's Board	5 Dec 2013 - Agenda Item 6	Approve an annual contribution of £13,000 from the Dedicated Schools Grant to the NCSCB on an ongoing basis to ensure the shortfall between the income generated by the Schools and Education Safeguarding Team through the safeguarding training and the £33,000 committed is met.	0.013	
5	Additional growth funding	16 Oct 2014 – Agenda item 10	To fund the shortfall of funding required so support the growth of school places in 2014/15.	0.229	Slippage of £0.099m from 2014/15 into 2015/16 as per report to Schools Forum 23 April 2015. Underspend included in £5.815m.
6	St Mary's temporary classroom funding	21 January 2016 – Agenda item 6	Funding to support temporary accommodation at Bulwell St Mary's CE Primary School	0.145	Funding period is Sept 2015 to July 2020.
7	Alternative Provision – New model & contingency (£0.750m)	21 April 2016 – Agenda item	New model for alternative provision for Nottingham. Funding to support 2016/17 to 2021/22.	3.568	

No		Date Approved	Funding Narrative	2018/19 £m	Other Comments
8	Mellers Primary business rates adjustment 17/18 & 18/19	DfE financial regs	Material in year business rate changes in accordance with financial regulations.	0.022	
9	Berridge Primary business rates adjustment 16/17	DfE financial regs	Material in year business rate changes in accordance with financial regulations.	0.021	
10	Early Years underspend in 2017/18 (to be used to fund adjustment in 18/19)		This may be clawed back by the ESFA in July 2018.	0.255	
11	Fair Access underspend to level agreed in the last paper	23 Feb 2017 Agenda item 7		0.028	
12	Fair Access contingency	23 Feb 2017 Agenda item 7	Contingency for emergency expenditure incurred by primary & secondary in year	0.025	This is on on-going annual commitment with any in year under usage being allocated back to the SSR.
TOTAL COMMITTED				5.228	