

**READING BOROUGH COUNCIL**  
**REPORT BY FINANCIAL SERVICES**

<b>TO:</b>	Reading Schools Forum		
<b>DATE:</b>	12 <sup>th</sup> July 2018	<b>AGENDA ITEM:</b>	4
<b>TITLE:</b>	Dedicated Schools Grant (DSG) 2018/19		
<b>SERVICE:</b>	Education, Children & Early Help Services	<b>WARDS:</b>	All
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**1. PURPOSE AND SUMMARY OF REPORT**

1.1 This report updates the latest in year financial position.

**2. RECOMMENDED ACTION FOR SCHOOLS FORUM**

2.1 NOTE: The DSG allocations by block 18/19

2.2 NOTE: The in year 18/19 budget monitoring position on the DSG, note the pressure on the high needs block flowing from the carry forward deficit and the in-year pressure.

**3 POLICY CONTEXT**

3.1 The Council has strategic aims to establish Reading as a learning city and a stimulating and rewarding place to live and visit, to promote equality, social inclusion and a safe and healthy environment for all. Education and the funding of education is a key factor in the achievement of this aim.

**4 BACKGROUND**

4.1 The Dedicated Schools Grant (DSG) funds schools and is ring fenced for school pupil activity. The DSG is based upon actual pupil numbers from the October pupil count proceeding the actual financial year. The grant received is split between the:

## Budget Monitoring Update

- Individual School's Budget - (ISB) or delegated budget - this is formula driven;
  - Centrally Retained School's Budget - the non-delegated budget.
- 4.2 Overspends on the DSG are carried forward and are a first call on the new year's allocation of DSG. Underspends on the DSG are carried forward to support the future year's school's budget.
- 4.3 The Authority must ensure that DSG is correctly spent and has to report the outturn position as to inform the impact upon the new year's budget position. The budget monitoring of the Authority distinguishes between how services are funded, namely by DSG or by the Local Authority.

### 5. DSG 2018/19

- 5.1 DSG allocations will change due to academy conversions during the year and the ESFA will update the 18-19 grant when conversions have been completed. Allocations in the Early Years and High Needs Block will be updated in late July 2018 by the ESFA also. The current allocation is summarised in the table below.

**Table 2: RBC's current DSG allocations for Schools and Early Years Blocks for 2018-19**  
This is before the conversion of New Christ Church and the adjustments to the Early Years Block.

	LA Allocations (£m)	Recoupment relating to Academies (£m)	Total DSG (£m)
Schools Block (includes ISB)	46.947	39.877	86.824
Early Years Block	13.432		13.432
High Needs Block	17.371	1.757	19.128
Central Block	1.305		1.305
<b>Total</b>	<b>79.054</b>	<b>41.634</b>	<b>120.688</b>

### 6. DSG BUDGET MONITORING 2018/19 UPDATE

- 6.1 Appendix 1 has the latest in year budget monitoring position for the DSG.
- 6.2 Appendix 2 has some brief notes what is included in each line of the budget report.

6.3 Every Local Authority has to produce the Section 251 (S251) Budget and Outturn per year. The S251 Budget is uploaded onto the council website every April. Link: <http://www.reading.gov.uk/section251-budget-statements>.

6.4 Appendix 1 follows the reporting lines of the S251 for the Dedicated Schools Grant section. You can also find other Education and Children's budget data within the S251.

## 7. Variances

### 7.1 Early Years Block

- The majority of Early Years Funding (97%) is relating to the free early year's entitlement for 2, 3 and 4 year olds. The annual budget is based on actual uptake of entitlement ("bums on seats funding"), this means any increase or decrease in numbers based on the LA original allocation will be fully funded or funding will be clawed back (by the ESFA) in the following year (July18).
- Other budgets that pay for central spend and projects (Cluster funding) will be reviewed throughout the year.
- Early Years numbers have reduced over the last few years and the ESFA will claw back over £900k worth of funding from 17-18. The Council has committed this spend for paying back in the 17-18 outturn.
- Early Years currently has no contingency budget, so it will be very unlikely that this budget will produce any underspends or overspends.

### 7.2 High Needs Block

- High Needs Block has been "in year" overspending for many years and the LA has introduced SEND projects (Strands) to implement future SEN processes/resource building and help achieve the reduction of the DSG deficit that currently stands at £2.9m at 31<sup>st</sup> March 2018. Details of the projects will come under the High Needs Reports.
- The LA has also invested some funds to improve the SEND commissioning element that will review SEND placements/Contracts. This will complement the work that the Strands are doing.

### 7.3 Schools Block

- Most of the schools central budgets are classed as contributions and the majority of areas will not be overspent as the LA would pick up any overspends. De-delegations fit under the same category.
- Growth fund for 18-19 has been set at £900k and the LA budgeted for 1 expansion class that was not allocated due to the various reception places vacant in schools. This has produced a £60k saving for 18-19.
- Falling rolls fund of £100k has to be reviewed, for 18-19 this will potentially not be used, but due to the vacancies in Primary schools after

many years of expansion and not having enough space. The LA will review a primary school falling rolls scheme that will be based on October 18 Census but be paid out for 2019-2020. Future reports will come to Schools forum in the future to see the actual impact and what can be done to assist the low birth rate years.

- For July 18, LA has submitted a £100k saving.

### OVERALL

7.4 The LA is forecasting a £2.2m pressure on the DSG by the end of March 2019. This is early days within financial year 2018-2019 and when the SEN transitions change for the new academic year then the LA will have more confidence on the projected outturn. High Needs Block has the ability to blow away any projections due to the nature of SEND need.

- The table shows a more up to date view on what is happening regarding the continuing impact of the High Needs pressure. This is based on all variances going towards the High Needs deficit. Noting above the £0.1m underspend in Early Years within 17-18 to be ring-fenced until future agreement has been discussed.

Table 2 - DSG surplus and Deficits by block since 2014

	C/Fwd	HNB	EYB	SB	Budget	Total
Year	£m	£m	£m	£m	£m	£m
14-15	(0.371)	1.220	(0.793)	(0.056)	0.000	0.000
15-16	0.000	2.111	0.000	(0.054)	0.000	2.057
16-17	2.057	2.010	0.000	0.169	-0.839	3.397
17-18	3.397	1.873	(0.323)	(0.327)	(1.759)	2.860
18-19	2.860	1.500	0.000	0.000	(2.193)	2.167
19-20	2.167	1.000	0.000	0.000	(1.759)	1.408
20-21	1.408	0.500	0.000	0.000	(1.759)	0.149

## Appendix 1: Budget Monitoring Table

No	Description	£m		
		Total Budget	18-19 Outturn	18-19 Variance
1	Behaviour support services	0.178	0.178	0.000
2	Support to UPEG and bilingual learners	0.040	0.040	0.000
3	Staff costs supply cover	0.045	0.045	0.000
4	School Improvement	0.141	0.141	0.000
5	Top up funding - maintained schools	4.370	4.922	0.552
6	Top up funding - Academies, Free Schools and Colleges	3.900	4.400	0.500
7	Top up and other funding - independent	2.900	3.200	0.300
8	Top-up Funding - Additional	0.192	0.192	0.000
9	SEN support services	0.552	0.552	0.000
10	Hospital education services	0.198	0.198	0.000
11	Other Alternative Provision	0.292	0.292	0.000
12	Support for inclusion	0.750	0.759	0.009
13	Therapies and other health related services	0.345	0.345	0.000
14	Central expenditure on children under 5	0.400	0.400	0.000
15	Contribution to combined budgets	0.630	0.630	0.000
16	School Admissions	0.215	0.215	0.000
17	Servicing of schools forums	0.020	0.020	0.000
18	Falling Rolls Fund	0.100	0.100	0.000
19	Prudential borrowing costs	0.050	0.050	0.000
20	Growth Fund	0.900	0.900	0.000
21	SEN transport	0.100	0.100	0.000
22	Exceptions agreed by Secretary of State	0.102	0.102	0.000
23	Statutory/ Regulatory duties (ESG)	0.465	0.465	0.000
24	<b>Total</b>	<b>16.885</b>	<b>18.246</b>	<b>1.361</b>
25	Individual Schools Budget	48.268	48.268	0.000
26	SEN Placements - (First 10k)	2.297	2.436	0.139
27	Early Years Funding (Entitlement)	9.411	9.411	0.000
28	18-19 C/FWD (Deficit) - SEN	2.193	2.860	0.667
29	<b>Total</b>	<b>62.169</b>	<b>62.975</b>	<b>0.806</b>
30	<b>Total ALL</b>	<b>79.054</b>	<b>81.221</b>	<b>2.167</b>

£m			
Early Years Block	High Needs Block	Central Block	Schools Block
			0.000
			0.000
			0.000
			0.000
	0.552		
	0.500		
	0.300		
	0.000		
	0.000		
	0.000		
	0.009		
	0.000		
0.000			
		0.000	
		0.000	
		0.000	
			0.000
		0.000	
			0.000
	0.000		
			0.000
		0.000	0.000
0.000	1.361	0.000	0.000
			0.000
	0.139		
0.000			
	0.667		
0.000	0.806	0.000	0.000
0.000	2.167	0.000	0.000

TOTAL DSG DEFICIT

2.167

## Appendix 2: Additional information for Appendix 1 table

Explanations of DSG reporting lines.

### **DE-DELEGATIONS - Maintained Primary or/and Secondary Schools Only**

Line 1 - Behaviour Support Services - Passported to Cranbury College to supply this service

Line 2 - Support to UPEG and Bilingual Learners - Also known as Equality services. This service is closing down from July 2018.

Line 3 - Staff Costs to Supply Union Cover - Union support with supply cover for union duties

Line 4 - School Improvement - To fund staff and Projects within the service.

### **SEN /HIGH NEEDS BLOCK**

Line 5 - Top-up funding for maintained providers - EHCP top-ups for maintained early years, primary, secondary, special and alternative provisions within any LA that has a Reading financial responsibility for the EHCP. This also includes Pupils without EHCPs in Pupil referral units

Line 6 - Top-up funding for Academies and Colleges - EHCP top-ups for Academies, free schools and colleges within the Early years, primary, secondary, special, alternative and college provisions within any LA that has a Reading financial responsibility for the EHCP

Line 7 - Top-up funding and other funding Independents - EHCP Top-ups for Independent and non-maintained special schools.

Line 8 - Top-up funding additional - Includes Nursery Provision (Snowflakes) and some projects relating to pupils.

Line 9 - SEN Support Services - This includes Sensory Consortium, Portage and ASD Outreach commissioned to Christ The King.

Line 10 - Hospital Education Services - This includes Hospital Education unit at Royal Berkshire Hospital and Education for Pupils in Tier 4 CAMHs Hospital placements

Line 11 - Other Alternative Provisions - this includes Cranbury Post 16 provision and Dingley Contract.

Line 12 - Support for Inclusion - New Inclusion fund, Early Years Cluster funding and central staffing in Education department.

Line 13 - Therapies and other Health Related services - Contribution towards Speech and Language, Occupational and Physio therapy.

Line 20 - SEN Transport - Contributions to SEN School Travel

Line 26 - SEN Placements - Placement funding for Resources and special Schools (first £10k)

Line 27 - 17-18 C/FWD -. Overall £2.860m deficit has been reported to the DfE as Reading's carry forward on DSG. This is also where the £2.193m deficit budget sits that includes minus 0.5% reductions from schools in 16-17 and 17-18 and 0.5% lump sum removed from Schools block in 18-19.

### **EARLY YEARS**

Line 14 - Central Expenditure on Children under 5 - Early Years Team Staff and other central early years budgets.

Line 27 - Early Years formula funding - 2,3,4 year old funding including deprivation and early Years pupil premium and other early years grants relating to maintained nurseries and disability.

### **CENTRAL BLOCK**

Line 15 - Combined Budgets - cover areas such as Commissioning, school improvement advisors, MASH (Multi Agency Safeguarding Hub), virtual school for looked after children, Early Help - children action teams that covers family workers, Welfare, CAMHs and Education Psychology.

Line 16 - School Admissions - contribution towards Admissions for all Reading Schools

Line 17 - Serving of Schools Forum - Preparation for Schools forum

Line 19 - Prudential Borrowing costs - Borrowing costs for schools capital programme has historically been and will be funded by borrowing over many years. This is a small contribution to the overall borrowing costs.

Line 22 - Statutory duties - formally known as the Education Services Grant

SCHOOLS BLOCK

Line 18 - Falling Rolls Fund - The falling rolls budget, was originally set-up for Secondary schools that had more than 30 pupil reduction in Year 7 from one year to the next. This will be reviewed and adapted for Primary's with Schools forum.

Line 20 - Growth fund - The growth fund budget was set at £900k for 18-19.

Line 22 - Exceptions agreed by secretary of State - Copyright Licences central (national) contract.

Line 25 - Individual School Budget - Schools formula budget for maintained Nursery's, Primary's and Secondary's)

OUTTURN

Line 30 - Outturn Total - The LA are forecasting a £2.2m pressure on the DSG by end of March 2019.