

Schools Forum Briefing

1.	Date of meeting:	18th January 2019
2.	Title:	DSG 2018/19 – MID YEAR UPDATE REPORT
3.	Directorate:	CYPS

1. SUBJECT: DSG 2018/19 – MID YEAR UPDATE REPORT

2. PURPOSE OF REPORT

To update all members of Schools Forum on the the wider dedicated schools grant (DSG) position for 2018/19.

3. RECOMMENDATION (S)

That members note the current position.

4. REASON FOR RECOMMENDATION (S)

To ensure Schools Forum members are aware of the current year position of the wider dedicated schools grant (DSG) and the impact this has on the DSG reserve.

5. BACKGROUND INFORMATION

5.1 The 2017/18 outturn provided the closing DSG reserve balances to be;

High Needs Block	-£10.735m
Early Years Block	£0.033m
Total	-£10.702m

On closure of the 2017/18 accounts the local authority had not been notified of the final early year's adjustment for 2017/18 as a result of the January schools & early year's census. The local authority estimated that this would be £185k clawback. On the 16th July 2018 the ESFA provided the final allocations to local authorities and for Rotherham the adjustment was an increase in funding of £127k.

The overall impact of the ESFA final allocations is that the LA received £312k of additional income than initially anticipated and this has been

analysed below;

	Variance	No. PTE pupils	% of PTE pupils
3&4yo universal funding	£217k	89	0.2%
3&4yo extended funding	£37k	15	1.5%
2yo funding	£15k	5	2.2%
EY Pupil Premium	£17k	57	1.5%
DAF	£26k	43	2.2%

The spring 2018 census is also used to re-run the allocations for 2018/19 financial year as outlined further in 5.2 below.

The additional £312k has been included with the Early Years Budgets for the 2018/19 financial year.

5.2 2018/19 overall DSG position

The initial allocations were issued in December 2017 and the latest December 18 allocations have been updated as follows;

	Dec 2017 (£m)	Dec 2018 (£m)	Movement (£m)
Schools block (incl. academy allocations)	£187.107m	£187.107m	Nil
Central schools block	£1.084m	£1.084m	Nil
High Needs block (incl. EFA funded places)	£29.517m	£30.230m	+£0.713m)
Early Years block	£17.108m	£17.224m	+£0.116m)
Total	£234.816m	£235.645m	(£0.829m)

The above table excludes block transfers

The High Needs adjustment can be analysed as:

Additional Funding for Imported Places (Jan 18 Census)	(£120k)
Additional High Needs Funding (nationally £125m)	(£593k)

The Early Years adjustment (following Jan 18 census) can be analysed as:

3 & 4 year old universal funding	-£173k
3 & 4 year old extended funding	+£453k
2 year old funding	-£113k

Nursery School Supplementary Funding	-£51k
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Excluding EFA direct funding of academies (and high needs places) the revised DSG allocations are;

	Allocation	Additional information
Schools block	£49.889m	After recoupment for all conversions up to and including July 2018
Central schools block	£1.084m	
High Needs block	£24.233m	Allocation less £5.997m for ESFA direct funded places
Early Years block	£17.224m	Incl. EYPP & DAF funding allocations
Total	£92.431m	

5.3

As at the end of December (period 9), the anticipated outturn position is as follows:

Early Years has an anticipated underspend of £xxx, the major forecast variances since the budget was set in relation to the £xxx underspend are;

- xxx
- xxx
- xxx

High Needs DSG has a forecast overspend of £4.965m with further details to be provided in the "Update on HNB 2018/19 Forecast & 2019/20 Budget " paper to Schools Forum.

Based on the above, the level of DSG central reserves deficit will increase from a deficit of £10.735m (carried forward from 2017/18) to £15m at the end of 2018/19 as outlined below;

Reserve brought forward	-£10.735m
Plus: in-year overspend	(£4.965m)
Anticipated reserve at 31.03.19	-£15.700m

This would equate to 6.66% of the overall DSG allocation.

6. In summary, the financial sustainability of the high needs block remains a significant cause for concern for the district which will require addressing for 2019/20.

6.1 **REDETERMINATION OF BUDGETS**

6.2 As is the case now, where pupils are excluded, funding should flow in-year from the school that has excluded the pupil to the provision that take responsibility for the pupil.

6.3 Page 34 of the guidance states that the local authority must deduct the amount within the formula relating to the age and personal circumstances of that pupil. This means the deduction covers all elements of the school block formula including FSM & EAL factors.

The adjustment for a particular exclusion must now only relate to the current financial year and cannot be applied to subsequent years.

Contact Officer(s) : **Neil Hardwick, Head of Finance**
 Children & Young People
 Telephone: (01709) 254508
 E-mail: neil.hardwick@rotherham.gov.