

Schools Forum Briefing

1.	Date of meeting:	27th SEPTEMBER 2019
2.	Title:	DSG 2019/20 – MID YEAR UPDATE REPORT
3.	Directorate:	CYPS

1. SUBJECT: DSG 2019/20 – MID YEAR FUNDING UPDATE REPORT

2. PURPOSE OF REPORT

To update all members of Schools Forum on the the wider dedicated schools grant (DSG) position for 2019/20.

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 2018/19 outturn provided the closing DSG reserve balances to be;

High Needs Block	-£15.791m
Early Years Block	£ 0.599m
Schools Block	£ 0.234m
Central Schools Block	£ 0.044m
Pupil Referral Units	-£ 0.200m
TOTAL	-£15.114m

On closure of the 2018/19 accounts the local authority had not been notified of the final early year's adjustment for 2018/19 as a result of the January schools & early year's census. The local authority estimated that this would be £26k clawback. On the 16th July 2019 the ESFA provided the final allocations to local authorities and for Rotherham the adjustment was an increase in funding of £64k.

The overall impact of the ESFA final allocations is that the LA received £90k of additional income than initially anticipated and this has been analysed below;

	Variance	No. PTE pupils
3&4yo universal funding	£51k	21
3&4yo extended funding	£47k	19
EY Pupil Premium	-£ 8k	-27
TOTAL	£90k	13

The spring 2019 census is also used to re-run the allocations for 2019/20 financial year as outlined further in 5.2 below.

The additional £90k has been used to increase the Early Years Reserve carry forward Budget for the 2019/20 financial year.

5.2 2019/20 overall DSG position

The initial allocations were issued in December 2018 and the latest July 19 allocations have been updated as follows;

	Dec 2018 (£m)	Jul 2019 (£m)	Movement (£m)
Schools block (incl. academy allocations)	£189.876m	£189.876m	Nil
Central schools block	£1.112m	£1.112m	Nil
High Needs block (incl. EFA funded places)	£31.441m	£31.621m	£0.180m
Early Years block (inc. estimated Jan19 Census Adjustment)	£17.144m	£17.336m	£0.192m
Total	£239.573m	£239.945m	£0.372m

The above table excludes block transfers

The High Needs adjustment can be analysed as:

Additional Funding for Imported Places (Jan 19 Census)	£180k
--	-------

This adjustment is to reflect any changes either in the placement by a local authority of pupils in schools and colleges located in other local authority areas (exports), or in the funding required by schools and colleges accepting pupils and students resident in other local authority areas (imports).

The Early Years adjustment (following Jan 19 census) can be analysed as:

3 & 4 year old universal funding	£107
3 & 4 year old extended funding	£80k
2 year old funding	£15k
Early Years Pupil Premium Grant	-£12k
Disability Access Fund	£2k
Total	£192k

Excluding EFA direct funding of academies (and high needs places) the revised DSG allocations are;

	Allocation	Additional information
Schools block	£41.636m	After recoupment for all conversions as notified by the DfE in July 2019
Central schools block	£1.112m	
High Needs block	£25.757m	Allocation less £5.863m for ESFA direct funded places
Early Years block	£17.336m	Incl. EYPP & DAF funding allocations
Total	£85.841m	

5.3 As at the end of August (period 5), the anticipated outturn position is as follows:

Early Years are currently forecasting a breakeven position at year end.

High Needs DSG has a forecast overspend of £1.388m based on the DSG recovery plan and included anticipated growth on EHDs numbers and the implementation of new developments linked to the SEND Sufficiency Strategy see table below for details:

High Needs Block Budget Monitoring 2019/20 as at 31st July 2019						
Area of Spend	Original Budget 2019-20	Budgeted Place Numbers April - August 2019	Budgeted Place Numbers September - March 2020	Revised Budget 2019-20	Forecast Outturn 2019-20	Forecast Variance 2019-20
	£				£	%
Special Schools	13,526,593	675	682	13,526,593	13,526,593	0
Primary Schools	126,990	15	15	126,990	126,990	0
Secondary Schools	194,719	20	15	194,719	194,719	0
Top-Up Funding	5,712,280	1,299	1,292	5,712,280	5,704,348	-7,932
Alternative Provision	4,238,806	198	198	4,238,806	4,411,877	173,071
External Residential	1,980,227	41	40	1,980,227	3,039,758	1,059,531
Independent Service Providers	4,585,374	155	132	4,757,374	4,920,377	163,003
Inclusion Services	2,333,618			2,333,618	2,355,571	21,953
Other Education Services	469,150	24	24	469,150	455,091	-14,059
CCP & FE Places	1,126,000	362	380	1,134,000	1,126,000	-8,000
Total	34,293,756	2,810	2,795	34,473,756	35,861,323	1,387,567

The key areas of focus to reduce the current High Needs Block pressures are:

- A review of high cost, external education provision to reduce cost and move children back into Rotherham educational provision;
- Develop additional SEN provision in Rotherham linked to mainstream schools and academies;
- Work with schools and academies to maintain pupils in mainstream settings wherever possible;
- A review of inclusion services provided by the Council

Based on the above, the level of DSG central reserves deficit will increase from a deficit of £15.114m (carried forward from 2018/19) to £16.502m at the end of 2019/20 as outlined below;

Reserve brought forward	-£15.114m
Plus: in-year overspend	-£1.388m
Anticipated reserve at 31.03.20	-£16.502m

This would equate to 6.88% of the overall DSG allocation.

In summary, the financial sustainability of the high needs block remains a significant cause for concern for the borough which will require addressing for 2020/21

Name and contact details

Vera Njegic
Principal Finance Officer (Schools Finance)
Tel:01709 822042
Email: vera.njegic@rotherham.gov.uk