

SCHOOLS FORUM AGENDA ITEM

For Action

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For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

To provide members with an update on the forecasted spending positions of centrally managed and de-delegated funds held within the DSG in 2017/18. This document gives members a view of the estimated value of one off monies that will be available to add to the 2018/19 DSG Headroom and provides a view of the uses of this funding.

Date (s) of any Previous Discussion at the Forum

The 2017/18 funds were agreed by the Schools Forum as part of the recommendations on the allocation of the DSG in the meetings of January 2017. An interim update of the spending position in this year was provided in July, where the Forum was notified of an expected £2.048m of available 'uncommitted' one off monies resulting from the reconciliation of the 2016/17 closedown position (£0.698m Schools Block and £1.35m Early Years Block).

Background / Context

It is usual for underspends to be created within the DSG allocation process. This is because certain expenditure is estimated at the start of the year and the Forum has always taken a prudent approach to managing cost pressures. A normal part of the DSG allocation process then in previous years has been a reconciliation of planned vs. actual spending. Any balance from the net position of over / under spends has been added to the DSG headroom, to be spent on a one off basis in the following year. This funding is available on a one off basis only. When previously considering such funds, the Forum has sought to avoid allocating this to meet ongoing expenditure. This paper now provides an updated view on the value of balances available by individual expenditure line.

In line with the Forum's discussion and recommendations made in January 2017, the High Needs Block 'reserve' should be viewed as a transition fund to enable the successful delivery of structural change.

Details of the Item for Consideration

2017/18 DSG Forecasted Spending Position

Appendix 1 shows spending to date, and forecasted further spending / estimated position at the end of the 2017/18 financial year, of DSG centrally managed funds. Further explanation of some of the key lines will be given verbally at the meeting. We estimate that at 31 March 2018 the DSG will have underspent cumulatively in total by £7.930m. Please note that the £7.930m figure is estimated at this stage. The reconciliation of funds, as part of the year end closedown process in April / May 2018, will confirm the value of balances and this will be reported to the Forum. For reference, we estimated in December 2016 that a sum of £5.80m would remain at 31 March 2017. As reported in July 2017, the confirmed balance was £7.85m (a difference of £2.05m of which £0.70m relates to the Schools Block and £1.35m to the Early Years Block). £7.93m is c. 1.5% of the current annual DSG allocation.

For the first time, forecasted DSG unspent balances are separated into the 4 Blocks structure, rather than being shown as a single figure. The Blocks breakdown is shown at the top of Appendix 2. DSG reserves can be used across all Blocks. In practical terms however, under National Funding Formula, it is now useful for the DSG's 'reserves and underspends' to be presented on a Block-specific basis. This is also specifically necessary following our establishment of the principle of ring-fencing of the Early Years Block. The starting assumption will now be that the reserve attributed to each Block is spent on pressures within that Block unless a specific decision is taken to transfer reserves between Blocks. To stress, the DSG Regulations permit reserves to be used across all the Blocks. What we are establishing here is a locally determined informal Block ring-fencing policy for reserves. The £7.930m splits by Block as follows:

- Schools Block £4.78m
- Early Years Block £1.52m
- High Needs Block £1.63m
- Central Schools Block £0.00m

Please note that no reserve is currently attached to the Central Schools Block as this is a newly established Block at 1 April 2018.

Details of the Item for Consideration

As shown in Appendix 2, against this £7.930m balance:

Schools Block (£4.775m)

- A figure of £0.091m related to de-delegated funds held across the financial year. Any overspending of de-delegated funds is managed through adjustment of the subsequent year's de-delegation value. As such, the £0.091m is not a permanent call on DSG reserves.
- £0.716m relating to Growth Fund provision; £0.228m of this is carried forward from 2017/18 Growth Fund resource (as required by Regulations) and the remaining £0.488m is proposed to be held to support the cost of implicit growth of new free school provision.
- £0.650m previously set aside by the Schools Forum to support the cost of the deficit of a secondary school at the point it converts to academy status. This school has not yet converted. The £0.650m is expected to be retained at this stage.
- £2.340m provides for the anticipated cost of the remaining 4 years of financial Growth Fund support for Beckfoot Upper Heaton Academy, following the model agreed with the Schools Forum. This provision is split into an estimated cost in 2018/19 (£0.55m) and provision to be retained for the final 3 years (£1.790m).
- A balance of £0.978m reserve, which includes items previously discussed (under negotiation) by the Schools Forum.

Early Years Block (£1.52m)

- A sum of £0.61m to be used to deliver a protected 3 & 4 year old setting base rate through the 2018/19 EYSFF as proposed within the Authority's consultation (to retain the base rate for PVI providers and nursery classes at £4.12 per hour). Please note that the actual cost to one off monies will be influenced by the actual number of hours delivered during 2018/19. As such, the cost to one off monies of this policy is currently estimated.
- A sum of £0.61m earmarked to be used to deliver a protected 3 & 4 year old setting base rate through the 2019/20 EYSFF as proposed within the Authority's consultation (to retain the base rate for PVI providers and nursery classes at £4.11 per hour). Please note that the actual cost to one off monies will be influenced by the actual number of hours delivered during 2019/20. As such, the cost to one off monies of this policy is currently estimated. Please also note that the viability of continued protection in 2019/20 will depend on the value of one off monies remaining within the Early Years Block at the end of 2018/19.
- A balance of £0.30m reserve.

High Needs Block (£1.63m)

- A minimum sum of £0.521m proposed to continue to be allocated to support the 2018/19 High Needs Block budget. £0.521m is a continuation of the sum of one off monies deployed within the 'option 4' solution agreed by the Schools Forum for the balancing of the 2017/18 DSG.
- The deployment of further sums of High Needs Block transition one off monies (from the remaining balance of £1.11m) into the 2018/19 DSG is one of the key matters to be further considered by the Schools Forum in making its recommendations for 2018/19.

Implications for the Dedicated Schools Grant (DSG) (if any)

These balances represent unallocated resources, which must be spent on DSG functions and in accordance with the Regulations.

Recommendations

The Forum is asked to consider & to note the information provided, Members are also asked to consider whether sufficient information has been provided to enable final recommendations to be made on 10 January 2018 on the use of one off monies.

List of Supporting Appendices / Papers *(where applicable)*

Appendix 1 – Update on DSG Funds 2017/18

Appendix 2 – Statement of Estimated One-Off Monies and Possible / Proposed Uses

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