

SCHOOLS FORUM AGENDA ITEM

For Action

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For Information

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

This report provides an update on a number of matters relating to the 2018/19 Dedicated Schools Grant.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2018/19 DSG on 10 January 2018. An update on DSG matters was presented at the last Forum meeting.

Background / Context

See the details for consideration below.

Details of the Item for Consideration

Confirmed 2017/18 Year End DSG Block Balances (Reserves / One Off Monies)

The table below presents the balances by DSG Block that were estimated to be held at the end of the 2017/18 financial year (this estimate was calculated in November 2017 and reported in Document IA December 2017) alongside the equivalent actual balances (£10.541m) that have now been confirmed following the closure of the financial year at 31 March 2018.

	Schools Block	High Needs Block	Early Years Block	Total DSG
Forecast	£4.775m	£1.631m	£1.523m	£7.930m
Actual	£5.672m	£2.943m	£1.925m	£10.541m
Difference	+ £0.897m	+ £1.312m	+ £0.402m	+ £2.611m
% Difference	0.2%	2.2%	0.9%	0.5%

Members are asked to note / are reminded more generally:

- 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 on-going expenditure.
- Forecasted DSG unspent balances are now separated into the Blocks structure, rather than being shown as a single figure. 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.
- No reserve from the 2017/18 financial year is attached to the Central Schools Block as this is a newly established Block at 1 April 2018. Reserves here sit within the Schools Block.
- In line with the Forum's discussions and recommendations, the High Needs Block 'reserve' should be viewed as a transition fund to enable the successful delivery of structural change. This will be discussed by the newly established 'High Needs Block Steering Group'.
- The Schools Forum will receive, as normal in the autumn term, an analysis of the forecasted position of DSG balances / one off monies at the end of the 2018/19 financial year. Members are reminded that, as a result of the error made by the ESFA in the processing of FSM data, a sum of £0.052m is unallocated within the 2018/19 Schools Block. Members are also reminded that the cost to the DSG Schools Block in 2018/19 of business rates in schools and academies is currently estimated to be £0.64m lower than the initial forecast included within the Schools Block figures presented to the Schools Forum on 10 January 2018. The main reason for this reduction is the final confirmation of the lower business rates cost for schools that converted to academy status during 2017.

Details of the Item for Consideration

Members are asked to note more specifically regarding 2017/18 year end DSG balances:

- £0.699m within the £5.672m Schools Block balance is the net position of de-delegated funds. As such, the net position of de-delegated funds is a surplus balance, which is ring-fenced and carried forward. Please note that, in the forecast, the net position of de-delegated funds was estimated to be smaller (£90k) and the increase in surplus is mainly the result of less spend than forecasted in the maternity / paternity insurance scheme fund after November 2017.
- £0.515m of the £5.672m Schools Block balance is from the under spending of the Growth Fund. This is as was forecasted and presented to the Schools Forum in December 2017. The £0.515m is carried forward and ring-fenced at this stage for Growth Fund spending. The Schools Forum will be asked to review the position of the Growth Fund as part of the 2019/20 DSG budget setting round.
- There is no net deficit at 31 March 2018 in centrally managed items that are now transferred to the Central Schools Block or in retained funds within the Early Years Block.
- The difference in the Early Years Block (+ £0.402m) is reflective mostly of the uncertainty at the time the forecast was calculated in the delivery of the extended 30 hours 3&4 year old entitlement, which was established in September 2018, as well as an under spending in the EYIP fund.
- The difference in the High Needs Block (+ £1.312m) is primarily the result of lower than forecasted growth in occupancy of places and lower spend than forecasted on mainstream EHCPs and out of authority placements, where the initial prudent forecast was informed by the spend growth profile between autumn and spring in previous years. Actual spend growth between November 2017 and March 2018 was lower than has been over the same period in previous years.

Formula Funding Development Work Within 2018/19

As reported to the last Schools Forum meeting, development work is currently taking place in the following areas. Reviews are progressing:

- Further development of the basis of allocation of the Early Years Inclusion Fund (EYIP) within the Early Years Block.
- The delivery of the agreed cessation, from 1 September 2018, of the High Needs Block's funding of top up for placements of non-EHCP pupils in alternative provisions.
- The establishment / refinement of local agreements (especially in the primary phase) to enable and control the flow of monies where pupils are permanently excluded from mainstream schools and academies, in support of the SEMH review.

2019/20 DSG & Formula Funding

We await DfE announcements, expected later in the summer term, on directed national changes to DSG and formula funding requirements for 2019/20. We do not expect further widespread significant change. Now that we have fully moved to National Funding Formula within our Schools Block, as well as having established an Early Years Single Funding Formula that is compliant with the DfE's requirement for a universal base rate, the amount of 'directed' change that we need to manage for the 2019/20 cycle should be limited. However, there may be targeted changes in specific areas that we may need to manage, including Growth Funding arrangements within the Schools Block.

We have identified areas of our DSG allocation that we wish to review locally for 2019/20 and we will progress these within the normal review cycle, with any proposals for changes being presented to the Schools Forum via the standing sub groups in early autumn in advance of wider consultation. It is anticipated that the value of the Minimum Funding Guarantee for primary and secondary schools, and base rates of funding for early years, will again be key decision items. Most formula review for 2019/20 is likely however, to focus on High Needs Block (HNB) matters, both the mechanisms for allocation and affordability. The 're-financing' within the DSG of certain HNB items may come into this development work (by 're-financing' we mean looking again at the source of funding of an item, where is it possible for this item to be funded from a Block other than the High Needs Block). This will be captured in discussions with the newly established HNB Steering Group.

We still await the DfE's consultation on the future funding of maintained nursery schools (the DfE stated that it would further consult following its initial publication of the national early years funding reforms in autumn 2016). 2019/20 is the final year of currently announced specific additional funding support within the DSG for maintained nursery schools.

As reported to the last Schools Forum meeting, the Authority is currently engaged, with the District Achievement Partnership, in a piece of work looking at the position of top up funding for the special schools sector, aimed at a closer assessment of whether the children currently in special schools in Ranges 4D - 4A (mainstream ranges) have been placed in the funding bands appropriate to their needs and then, more holistically, how the ranges descriptors and ranges funding model can or should be developed to better target funding according the needs of pupils. This work may have implications for our Ranges Model, and the funding of special schools, going forward.

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

As set out in the report (this is an item for information)

Recommendations

The Schools Forum is asked to consider and to note the information provided in the report.

List of Supporting Appendices / Papers (where applicable)

None

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