

Report to Schools Forum

Title: Dedicated Schools Grant 2019-20 - Budget Monitoring Report and Reserves as at 31st August 2019

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Schools affected: All schools and Early Years providers

1. Purpose of this report

1.1. This report updates Schools Forum on the Dedicated Schools Grant (DSG) allocation, forecast outturn (year-end) for 2019-20, the DSG Reserves as at 31st August 2019 and the forecasted reserve position for the financial year 2019-20. The report highlights the estimated overspend year end position in the Schools block of £540,000 and in the High Needs block of £560,000. It also sets out the recommendations for the use of DSG reserves in year, and the expected reserves position at the end of the financial year 2019-20.

2. Background

2.1. In July, the 2019-20 DSG allocation was reduced by (£3.61m) taking into account updated pupil data as follows: (£4.33m) academy recoupment in Schools Block; (£0.15m) in the High Needs block being the net adjustment for Buckinghamshire pupils placed in other local authorities and other local authority pupils placed in our schools; and an increase of £0.87m in Early Years block based on spring census data.

2.2. July DfE block allocations are summarised below:

4 Blocks of Dedicated Schools Grant 2019-20 updated July 2019	Allocation before recoupment £m	Less Recoupment £m	Final After Recoupment £m
Schools Block	322.2	(156)	166.0
High Needs Block	82.6	(8)	74.6
Early years Block	31.6	0	31.6
Central Schools Services Block	7.4	0	7.4
Total DSG Allocation 2019-20	443.7	(164)	279.5

2.3. As agreed by Schools Forum, final budgets in the blocks to be spent in 2019-20 includes a transfer from Central Services School Block (Historic Commitment) to High Needs and drawn down from DSG reserves. The import/export adjustment proposal to be met from reserves is discussed at 4.1 below:

DSG blocks from July allocations to 2019-20 budgets	Allocation After Recoupment	movement between blocks	use of reserves	Import /export adjustment to be met from reserves	Final Budgets
	£m	£m	£m	£m	£m
Schools Block	166.0	0	0	0	166.0
High Needs Block	74.6	1.7	1.048	0.153	77.5
Early years Block	31.6	0	0	0	31.6
Central Schools Services Block	7.4	(1.7)	0	0	5.7
Total DSG Allocation 2019-20	279.5	0	1.048	0.153	280.7

3. The Forecasted Outturn (Year-end) position

3.1. As at 31st August 2019 the forecasted outturn is a +0.89m overspend as shown below:

DSG blocks 2019-20	Budget Plan 2019/20	Year-end Forecast Outturn as at 31/08/19	Year-end Forecast Variance as at 31/08/19
	£m	£m	£m
Schools Block	165.95	166.49	0.54
High Needs Block	77.44	78.01	0.56
Early Years Block	31.56	31.56	0.00
Central Schools Services Block	5.72	5.49	(0.22)
Total Budgets	280.67	281.56	0.89

3.2. Schools Block overspends of £543k. The main points to note are as follows:

- (i) +£265k Growth Fund: overspend relates to payments to St Michaels over and above estimate project costs. A projection for next year's Growth Fund stands at £2.44m, which is slightly up on this year estimates.
- (ii) +£277k Business Rates (maintained schools): increase in rates payable to District Council as transitional protection drops out following the revaluation in 2017-18, and is based on invoices expected for the year. The drop out of transitional protection this year and +£142k additional estimated transitional protection drop

out expected next year (which gives a total of £419k), will increase the requirement for additional top slice in next year's funding formula which in turn will reduce the balance available for distribution via individual funding factors, compared to this year. Any increases in academies' business rates that will impact next year, based on information to be received from the ESFA, will also need to be factored in when looking at the local funding formula.

3.3. High Needs Block overspent £565k. The main points to note are as follows. Further details are included in the High Needs report further down on the agenda:

- (i) +£446k Additional and exceptional support: funding for over number places in special schools and at the secondary PRU.
- (ii) +£76k for top-up funding in special schools.
- (iii) +£25k additional costs of pupils in independent schools.

3.4. Early Years balanced budget. Forecasts will be updated in December when 2 terms worth of activity data can be compared to updated DfE budgets, based on January 2019 census data.

3.5. Central Schools Service Block underspend of -£222k relates to unallocated 'historical spend contribution to combined budgets' set aside following the restructure of the Early Years' service.

4. DSG Reserves

4.1. The DSG Reserves carried into 2019-20 was a surplus balance of £2,939,205. Schools Forum in June 2019 agreed the use of reserves as shown in the table below leaving a balance of £1.617m. Since the last meeting the Local Authority have received an additional £509.6k as an adjustment for 2018-19 Early Years allocation (the majority for 3-4 year old funding for working parents).

DSG Reserves	Reserves as at 1st April 2019	Agreed Actions - Schools Forum In June 2019	Balance of reserves
Mandeville school - deficit write off	500,000	0	500,000
Early Years - changes in grant funding	700,000	0	700,000
Dedelegation	717,511	-300,000	417,511
High Needs funding for 2019-20	1,021,694	-1,021,694	0
Reserves after agreed actions	2,939,205	-1,321,694	1,617,511
Proposals for Reserves to be agreed by Schools Forum in October 2019:			
Early Years - funding for 2018-19		509,642	
High Needs Import/Export adjustments		-153,333	
Increase in HN blocks use of reserves to balance budgets		-26,660	
Add 'Free Reserves' to balance			329,648
Reserves as at 31st August 2019			1,947,159

- 4.2. The Local Authority proposes that this additional funding based on spring 2019 census data is put into reserves. £700,000 of the current reserve has been earmarked for any change in Early Years funding and this should be sufficient to cover any overspend this year and/or DfE clawback for 2019-20 which is expected after the end of the financial year. Other drawn down from reserves are needed:
- a) to cover the import/export adjustment made after the 2019-20 High Needs budgets were set;
 - b) to balance the High Needs budgets as reported to Schools Form in June 2019, bringing the total drawn down to £1,048,354.

5. Recommendations

- 5.1. That Schools Forum note the forecast outturn (year-end) position as set out in the report.
- 5.2. Agree the recommended proposals for the use of DSG Reserves as set out in 4.2 above.