

**Agenda Item**  
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**Report Status**

For information/note   
For consultation & views   
For decision

**Corporate Resources – Finance.**

**Report to Haringey Schools Forum – 12th July 2018**

**Report Title: Schools Budget Outturn and final Budget Allocation for Dedicated Schools Grant for 2017-18.**

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**Purpose**

- (i) To advise the Schools Forum of the latest Dedicated Schools Grant allocations for 2017-18 and 2018-19.
- (ii) To advise the School Forum of the 2017-18 DSG Outturn
- (iii) To advise the Schools Forum of the Schools Balances carried forward from the 2017-18 financial year.
- (iv) To advise the School Forum of individual schools balances carried forward and schools in financial difficulty.

**Recommendations**

- (a) The latest DSG allocation for 2017-18 and 2018-19 are noted.
- (b) The position on Schools' Balances at March 2018 is noted.
- (c) The final DSG Outturn for School Block, Early Years Block, the High Needs Block are noted and the draw down from DSG reserves to meet overspend in High Needs Block is agreed.
- (d) The DSG Reserve is Carried forward into 2018-19 at £1.4M is noted.

**1. DEDICATED SCHOOLS GRANT (DSG).**

## 2017-18

1.1. The final value of the Dedicated Schools Grant for 2017-18 had not been announced when this report was written.

1.2. The latest 2017-18 allocation is as follows:

**TABLE 1: 2017-18 DEDICATED SCHOOLS GRANT ALLOCATION**

	<b>2017-18 DSG allocations prior to deductions for academies recoupment and direct funding of high needs places by EFA</b>	<b>Academies Recoupment</b>	<b>2017-18 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by EFA</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>2017-18 Schools Block</b>	195.29	59.08	136.21
<b>2017-18 Provisional Early Years Block</b>	18.67	0.00	18.67
<b>2017-18 High Needs Block</b>	35.85	1.85	34.01
<b>2017-18 Total DSG Allocation</b>	<b>249.81</b>	<b>60.92</b>	<b>188.89</b>

## 2018-19

1.3. The Dedicated Schools Grant for 2018-19 will be adjusted for various changes during the course of the year, primarily in the Early Years Block. The final DSG for 2018-19 will not be confirmed until summer term 2018.

1.4. The latest 2018-19 DSG allocation is as follows:

**TABLE 2: DEDICATED SCHOOLS GRANT ALLOCATIONS**

<b>DSG Schools Block</b>	<b>2017-18 DSG allocations</b>	<b>2018-19 DSG allocations as at December 2017</b>	<b>2018-19 DSG allocations as at April 2018</b>
Schools Block unit of funding (SBUF)	5,835.34	5,756.00	5,756.00
Schools Block pupil numbers (headcount) *	33,467.00	33,724.00	33,724.00
	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Schools Block</b>	195.29	195.30	195.30
NRA cash adjustment	0.00	0.00	0.00
Total Schools Block before recoupment	195.29	195.30	195.30
<b>Deduct:</b>			
Schools Block for recoupment	<b>(59.08)</b>	0.00	<b>(64.92)</b>
<b>Total Schools Block after recoupment</b>	<b>136.21</b>	<b>195.30</b>	<b>130.38</b>

Note: There is no School Block recoupment for Dec.2017 allocations for 2018/19 budget, as APT for 2018/19 was not completed.

<b>DSG Provisional Early Years Block</b>	<b>2017-18 DSG allocations</b>	<b>2018-19 DSG allocations as at December 2017</b>	<b>2018-19 DSG allocations as at April 2018</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>
Early years universal entitlement for 3 and 4 year olds	12.70	12.70	12.70
Early years additional entitlement for 3 and 4 year old children of eligible working parents	2.06	3.67	3.67
Early years entitlement funding for disadvantaged 2 year olds	2.43	2.44	2.44
Indicative early years pupil premium	0.16	0.16	0.16
Illustrative allocation- Early years supplementary funding for maintained nursery school	1.26	1.25	1.25
Illustrative allocation for Early years Disability Access Fund	0.06	0.06	0.06
<b>Total Provisional Early Years Block</b>	<b>18.67</b>	<b>20.26</b>	<b>20.26</b>

<b>2018-19 CSSB funding for historic commitments</b>	<b>2017-18 DSG allocations</b>	<b>2018-19 DSG allocations as at December 2017</b>	<b>2018-19 DSG allocations as at April 2018</b>
CSSB pupils (headcount)	0	33,724	33,724
	<b>£M</b>	<b>£M</b>	<b>£M</b>
CCB Block	0.00	3.09	3.09
<b>Total CCB Block</b>	<b>0.00</b>	<b>3.09</b>	<b>3.09</b>

<b>DSG High Needs Block</b>	<b>2017-18 DSG allocations</b>	<b>2018-19 DSG allocations as at December 2017</b>	<b>2018-19 DSG allocations as at April 2018</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>
High Needs Block before deductions	35.85	35.80	34.84
<b>Deduct:</b>			
High Needs Block for direct funding of places by EFA	(1.84)	(1.75)	(1.96)
<b>High Needs Block after deductions</b>	<b>34.01</b>	<b>34.05</b>	<b>32.88</b>

<b>TOTAL DSG ALLOCATION</b>	<b>188.89</b>	<b>252.07</b>	<b>186.62</b>
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## 2. DEDICATED SCHOOLS BUDGET OUTTURN 2017-18

- 2.1. The Schools and Early Years Finance Regulations require that under or overspends in the centrally retained element of the Dedicated Schools Budget are carried forward.
- 2.2. The accumulated position on centrally retained funding as at 31 March 2018 was a net deficit of £0.281m. The individual components are set out in Table 3 and explained in the following paragraphs.
- 2.3. Schools Forum asked to agree this net deficit.

**TABLE 3: 2017-18 DSG OUTTURN**

<b>2017-18 DSG</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	£	£	£
School Block	136,211,434	135,759,737	(451,697)
Early Years Block	18,667,571	17,899,710	(767,861)
High needs block	34,008,522	35,508,856	1,500,334
<b>Total DSG</b>	<b>188,887,526</b>	<b>189,168,302</b>	<b>280,776</b>

## SCHOOLS BLOCK

**TABLE 4: 2017-18 SCHOOLS BLOCK CARRY FORWARD**

Item	£
Growth Fund	(353,572)
Contingency for Schools in Financial Difficulty	(179,000)
School Improvement	80,875
<b>Total Schools Block Underspend</b>	<b>(451,697)</b>

A minus figure represents an underspend

## **GROWTH FUND**

- 2.4. Forum received a report on 17<sup>th</sup> January 2018 on Growth Fund Actuals for 2017-18. At that time an under-spend of £353,572 was reported, which is carried forward in the Schools Block DSG Reserves into 2018-19.

## **CONTINGENCY FOR SCHOOLS IN FINANCIAL DIFFICULTY**

- 2.5. The Contingency for Schools in Financial Difficulty panel did not allocate any of the budget to any individual schools last year. Schools Forum at its last meeting delegated the responsibility of using the unspent Schools Block de-delegated Contingency for Schools in Financial Difficulty DSG Reserve to the Contingency for Schools in Financial Difficulty Panel to commission the LA to recruit a member of staff to train schools to help address the growing concerns on schools financial management. This underspend of £179,000 is therefore carried forward in the Schools Block DSG Reserves into 2018-19.

## **SCHOOL IMPROVEMENT**

- 2.6. There is overspend in the service during the year of £80,875, which carried forward in Schools Block DSG Reserves into 2018-19.

## **EARLY YEARS BLOCK**

**TABLE 5: 2017-18 EARLY YEARS BLOCK CARRY FORWARD**

Item	£
2 year old free funding	(386,678)
3 & 4 year old free funding	(231,927)
Early Years Premium	(28,103)
Pathways to Early Intervention	(73,148)
Disability Access Fund	(48,005)
<b>Total Early Years Block Underspend</b>	<b>(767,861)</b>

A minus figure represents an underspend

## **HIGH NEEDS BLOCK**

2.7. At its meeting on 17<sup>th</sup> January 2018 the Forum was informed of the projected overspend of £780k in this block in 2017-18. This overspend has since increased to £1,500,334 and is explained in Table 6.

**TABLE 6: 2017-18 HIGH NEEDS BLOCK CARRY FORWARD**

<b>Service</b>	<b>Jan 18 projection</b>	<b>Final Outturn</b>	<b>Variance</b>
Alternative Prov Commissioning	0	920	920
In Year Fair Access Panel	0	596	596
Parent Partnership (Markfield)	0	(2,484)	(2,484)
Visual Impairment	0	(1,747)	(1,747)
SEN Strategy Manager	(34,390)	(36,684)	(2,294)
Language Support Team	(47,130)	(105,821)	(58,691)
SEN - Admin Team	0	1,076	1,076
SEN Portage Service	51,346	57,739	6,393
Hearing Impairment Team	(6,300)	487	6,787
SEN - Transport traded	0	0	0
LOVAAS	19,900	21,109	1,209
Speech & Language Therapy	0	30,082	30,082
Autism Support Team	(84,830)	21,804	106,634
Indepndt & Voluntary Sc	589,600	529,812	(59,788)
Special schools-place funding	0	0	0
Special Schools Top Up	618,900	701,019	82,119
Mainstream Schools Top Up	(341,800)	(25,314)	316,486
Special Units Top Up	(14,852)	182,648	197,500
Higher Education Top Up	208,174	386,524	178,350
SEN contingency	(84,000)	(84,132)	(132)
High Needs in Early Years	2,000	(30,878)	(32,878)
Tuition Service	4,650	(499)	(5,149)
Simmons House	0	1,162	1,162
Locality Team	0	3,444	3,444
Pathways for Early Intervention	(101,000)	(150,529)	(49,529)
	<b>780,268</b>	<b>1,500,334</b>	<b>720,066</b>

A minus figure represents an underspend

### **DSG RESERVES AND LOAN TO HIGH NEEDS BLOCK**

2.8. The final DSG outturn is showing overspend of £0.281m across all three blocks. Overspend in High Needs Block in 2017-18 lead to a drawdown from the carried forward DSG Reserves in 2017-18. Appendix 1 details the DSG Reserves to date and forecast DSG Reserves at the end of 2017-18.

2.9. A separate DSG Strategy paper is being presented after this paper which will provide a more detailed description of the pressures underlying the overspend and an update on the plans to bring the budgets into balance.

### 3. SCHOOL BALANCES

3.1. Table 7 sets out the change in Schools Balances over the course of 2017-18. Further detail on a school-by-school basis shown in Appendix 2.

**TABLE 7 – SCHOOL REVENUE BALANCE AS AT MARCH 2018**

Balances Total	Mar-17 £	Mar-18 £	Change £	Change %
Nursery	201,293	174,494	(26,799)	(13.31%)
Primary	5,404,356	6,971,190	1,566,834	28.99%
Secondary	1,313,623	350,202	(963,421)	(73.34%)
Special	399,385	517,872	118,487	29.67%
Tuition Centre	0	0	0	
<b>Total</b>	<b>7,318,658</b>	<b>8,013,758</b>	<b>695,100</b>	<b>(56.98%)</b>

These figures exclude academies and closing schools. A minus balance represents a deficit balance and a minus change represents a reduction in balances.

3.2. The movement in school surplus balances since 2011 shown in Table 8.

**TABLE 8 - MOVEMENT IN SCHOOL REVENUE BALANCES MARCH 2011 TO MARCH 2018**

31-Mar	Net Revenue Surplus Balance £	Movement £
2011	3,487,231	
2012	5,594,413	2,107,182
2013	6,711,571	1,117,158
2014	10,502,890	3,791,319
2015	10,522,894	20,004
2016	9,292,618	(1,230,276)
2017	7,318,658	(1,973,960)
2018	8,013,758	695,100

Academies and closed schools excluded throughout.

3.3. Within this overall picture, there are 8 schools with a deficit revenue balance and 11 schools with 'high' balances.



- 3.4. Schools with surplus balances held represents funding provided for pupils in schools at that time but not spent on them. This may be the result of a strategic decision by the governing body to defer current expenditure in order to fund longer-term benefits for the school. There is also the need to be prudent in setting aside a contingency for unforeseen expenditure or loss of income. Beyond that, unused and uncommitted balances are depriving pupils of their due share of funding. Forum members asked to be mindful of this in feeding back to Head teacher and Governor Forums.
- 3.5. The capital balance represents unspent Devolved Formula Capital and revenue contributions to capital made by schools.

#### **4. SCHOOLS IN FINANCIAL DIFFICULTY**

- 4.1 There is a number of schools in financial difficulty and emerging national funding formula will further put increasing pressure on schools budgets.
- 4.2 The increasing number of issues presented to the LA includes:
  - a. Cash loans to schools who have not been able to pay bills for goods and services to keep creditors from the school gate. At 31/03/18 total monies owed by school is £1.5m, an increase of £300k from previous year;
  - b. A debt recovery total of close to £1.1million for schools who have not been able to pay monies owed;
  - c. Increased redundancy costs arising from restructures to reduce overall salary bills.
- 4.3 Currently Finance Team liaise with the schools who have been unable to pay back their loans. The meetings are to ensure robust and realistic plans are in place to pay back the loan within a specified and reasonable timeline. Proposals to support schools in financial difficulty, including dedicated and tailored high quality financial advice and support.
- 4.4 The LA request Schools Forum members to note the difficult financial climate both Schools and LA are currently operating in.