

Agenda Item
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Report Status

For information/note
For consultation & views
For decision

Corporate Resources – Finance.

Report to Haringey Schools Forum – 13th July 2017

Report Title: 2016-17 and 2017-18 Dedicated Schools Grant Allocation, 2016-17 Dedicated Schools Grant Outturn and 2016-17 Schools' Balances

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Purpose

- (i) To advise the Schools Forum of the latest Dedicated Schools Grant allocations for 2016-17 and 2017-18.
- (ii) To advise the Schools Forum of the 2016-17 DSG Outturn and the draw down from DSG Reserves for 2016-17 financial year is agreed.
- (iii) To advise the Schools Forum of the DSG Reserves carried forward at £2.8M.
- (iv) To advise the Schools Forum of individual schools balances carried forward and the increasing number of schools in financial difficulty.

Recommendations

- (a) The latest DSG allocation for 2016-17 and 2017-18 are noted.
- (b) The final DSG Outturn for the Schools Block, Early Years Block and High Needs Block are noted and the draw down from DSG Reserves to meet the overspend in High Needs Block is agreed.
- (c) The DSG Reserve is carried forward into 2017-18 at £2.8M is agreed.
- (d) The position on Individual Schools' Balances at March 2017 and the increasing number of schools in financial difficulty is noted.

1. DEDICATED SCHOOLS GRANT (DSG).

2016-17

1.1. The final value of the Dedicated Schools Grant for 2016-17 had not been announced when this report was written.

1.2. The latest 2016-17 allocation is as follows:

TABLE 1: 2016-17 DEDICATED SCHOOLS GRANT ALLOCATION

	2016-17 DSG allocations prior to deductions for academies recoupment and direct funding of high needs places by EFA	Academies Recoupment	2016-17 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by EFA
	£M	£M	£M
2016-17 Schools Block	195.49	51.91	143.58
2016-17 Funding for Induction of Newly Qualified Teachers	0.05	0.00	0.05
2016-17 Provisional Early Years Block	15.45	0.00	15.45
2016-17 High Needs Block	31.64	1.33	30.30
2016-17 Total DSG Allocation	242.63	53.24	189.39

2017-18

1.3. The Dedicated Schools Grant for 2017-18 will be adjusted for various changes during the course of the year, primarily in the Early Years Block. The final DSG for 2017-18 will not be confirmed until summer term 2018.

1.4. The latest 2017-18 DSG allocation is as follows:

TABLE 2: DEDICATED SCHOOLS GRANT ALLOCATIONS

DSG Schools Block	2016-17 DSG allocations	2017-18 DSG allocations as at 21 December 2016	2017-18 DSG allocations as at 5 April 2017
Schools Block unit of funding (SBUF)	5,913.42	5,835.24	5,835.24
Schools Block pupil numbers (headcount) *	33,059.00	33,467.00	33,467.00
	£M	£M	£M
Schools Block	195.49	195.29	195.29
<i>Of which ESG</i>		0.55	0.55
NRA cash adjustment	0.00	0.00	0.00
Total Schools Block before recoupment	195.49	195.29	195.29
Deduct:			
Schools Block for recoupment	(51.91)	0.00	(54.70)
Total Schools Block after recoupment	143.58	195.29	140.59

DSG Provisional Early Years Block	2016-17 DSG allocations	2017-18 DSG allocations as at 21 December 2016	2017-18 DSG allocations as at 5 April 2017
Early Years Block 3 & 4 year old unit of funding (EYBUF)	5,345.46		
Early Years Block 3 & 4 year old pupil numbers (FTE)	2,405.00		
	£M	£M	£M
Early years universal entitlement for 3 and 4 year olds	12.86	12.93	12.93
Early years additional entitlement for 3 and 4 year old children of eligible working parents		2.06	2.06
Early Years Block 2yo annual rates	5,016.00		
Early Years Block 2 year old pupil numbers (FTE)	483.00		
	£M	£M	
Early years entitlement funding for disadvantaged 2 year olds	2.42	2.60	2.60
Indicative early years pupil premium	0.17	0.17	0.17
Illustrative allocation- Early years supplementary funding for maintained nursery school		0.63	0.63
Illustrative allocation for Early years Disability Access Fund		0.06	0.06
Total Provisional Early Years Block	15.45	18.45	18.45

DSG High Needs Block	2016-17 DSG allocations	2017-18 DSG allocations as at 21 December 2016	2017-18 DSG allocations as at 5 April 2017
	£M	£M	£M
2016 to 2017 high needs baseline			34.48
Transfer of funding from post-16 budget to High Needs Block			0.86
2017-18 high needs block baseline			35.34
Add:			
Population based uplift			0.47
Population growth uplift			0.04
High Needs Block before deductions	31.64	35.85	35.85
Deduct:			
High Needs Block for direct funding of places by EFA	(1.33)	(2.16)	(2.34)
High Needs Block after deductions	30.30	33.70	33.51

Table 2(d) - DSG non block additions	2016-17 DSG allocations	2017-18 DSG allocations as at 21 December 2016	2017-18 DSG allocations as at 5 April 2017
	£M	£M	£M
Funding for Induction for newly qualified teachers	0.05	0.00	0.00
Additions for cash floor	0.00	0.00	0.00
Non Block additions	0.05	0.00	0.00

TOTAL DSG ALLOCATION	189.39	247.43	192.55
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2. DEDICATED SCHOOLS BUDGET OUTTURN 2016-17

- 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 2017 was a net deficit of £0.452m. The individual components are set out in Table 1 and explained in the following paragraphs.
- 2.3. Schools Forum are asked agree this net deficit

TABLE 3: 2016-17 DSG OUTTURN

2016-17 DSG	Budget	Outturn	Variance
	£	£	£
Schools Block	143,637,000	143,157,660	(479,340)
Early Years Block	15,450,000	15,083,448	(366,552)
High Needs Block	30,300,000	31,597,285	1,297,285
Total DSG	189,387,000	189,838,393	451,393

SCHOOLS BLOCK

TABLE 4: 2016-17 SCHOOLS BLOCK CARRY FORWARD

Item	£
Growth Fund	(263,788)
Contingency for Schools in Financial Difficulty	(200,000)
School Improvement	(8,437)
Governor Support	(7,124)
Total Schools Block Underspend	(479,349)

A minus figure represents an underspend

GROWTH FUND

- 2.4. Forum received a report on 16th January 2017 on Growth Fund Actuals for 2016-17. At that time an under-spend of £263,788 was reported. This was carried forward in the Schools Block DSG Reserves into 2017-18.

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 £200,000 is therefore carried forward in the Schools Block DSG Reserves into 2017-18.

SCHOOL IMPROVEMENT

- 2.6. There is a small underspend in the service during the year of £8,437 which is being carried forward in Schools Block DSG Reserves into 2017-18.

GOVERNOR SUPPORT

- 2.7. There is a small underspend in the service during the year of £7,124 which is being carried forward in Schools Block DSG Reserves into 2017-18.

EARLY YEARS BLOCK

TABLE 5: 2016-17 EARLY YEARS BLOCK CARRY FORWARD

Item	£
2 year old free funding	14,581
3 & 4 year old free funding	(1)
Early Years Premium	(283,450)
Pathways to Early Intervention	(97,682)
Total Early Years Block Underspend	(366,552)

A minus figure represents an underspend

HIGH NEEDS BLOCK

- 2.8. At its meeting on 16 January 2017 the Forum was informed of the projected overspend of £914,800 in this block in 2016-17. This overspend has since increased to £1,297,285 and is explained in Table 6.

TABLE 6: 2016-17 HIGH NEEDS BLOCK CARRY FORWARD

Item	£
In Year Fair Access Panel	(12,410)
Language Support Team	(68,931)
SEN Portage Service	(20,418)
LOVAAS	(5,788)
Speech & Language Therapy	(18,840)
Parent Partnership (Markfield)	(3,604)
Independent & Voluntary Schools	600,098
Bringing in fund (HNB)	(288,257)
Special Schools Top Up	752,436
Mainstream Schools Top Up	399,884
Special Units Top Up	192,215
SEN contingency	(206,772)
High Needs in Early Years	(81,953)
Intergrated Work & Family support	59,625
Total High Needs Block Overspend	1,297,285

A minus figure represents an underspend

DSG RESERVES AND LOAN TO HIGH NEEDS BLOCK

2.9. The final DSG outturn was an overspend of £0.452m across all three blocks. The overspend in High Needs Block in 2016-17 lead to a drawdown from the carried forward DSG Reserves in 2016-17 which are earmarked Early Years Block DSG Reserves. Appendix 1 details the DSG Reserves to date and forecast DSG Reserves at the end of 2017-18.

2.10. 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 2016-17. Further detail on a school by school basis is shown in Appendix 2.

TABLE 7 – SCHOOL REVENUE BALANCE AS AT MARCH 2017

Balances Total	Mar-16 £	Mar-17 £	Change £	Change %
Nursery	62,188	201,293	139,105	223.68%
Primary	6,567,220	5,404,356	(1,162,863)	-17.71%
Secondary	2,643,377	1,313,623	(1,329,754)	-50.31%
Special	(31,222)	399,385	430,607	-1379.19%
Tuition Centre	51,055	0	(51,055)	-100.00%
Total	9,292,618	7,318,658	(1,973,960)	-21.24%

Figures are rounded and 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 is shown in Table 8.

**TABLE 8 - MOVEMENT IN SCHOOL REVENUE BALANCES
MARCH 2011 TO MARCH 2017**

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)

Academies and closed schools excluded throughout.

3.3. Within this overall picture there are 14 schools with a deficit revenue balance and a few schools with ‘high’ balances. What is more worrying is that there are 40 out of 66 schools i.e. 66 % of Haringey schools with in year budget deficit in 2016-17.

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 are 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 growing number of schools in financial difficulty at an increased speed. The emerging national funding formula will further put increasing pressure on schools budgets.

- 4.2 The increasing number of issues being presented to the LA includes:

- a. Increased applications for licensed deficit applications to meet the needs of schools who have been unable to operate within their allocated budget;
- b. Cash loans to schools who have not been able to pay bills for goods and services to keep creditors and debtors from the school gate;
- c. A debt recovery total of close to £1 million for schools who have not been paying monies owed;
- d. Increased redundancy costs arising from restructures to reduce overall salary bills.

- 4.3 As a response to some of these issues a paper is being presented to Schools Forum tonight which proposes a panel, originally to scrutinise restructuring proposals to ensure that they were a last resort and represented best value having regard to all material considerations, but now proposed to be broadened out as a panel that will look at and challenge:

- a. Restructuring proposals where there is a redundancy implication;
- b. Applications for licensed deficits including challenge to ensure robust and realistic plans are in place to pay back the loan within a specified and reasonable timeline;
- c. Proposals to support schools in financial difficulty, including dedicated and tailored high quality financial advice and support.

- 4.4 The panel will include a mixture of officers from Schools and Learning, Finance and Head teachers from all phases (Early Years, Primaries, Secondaries and Special schools).

- 4.5 The LA request Schools Forum members to note the difficult financial climate both Schools and LA are currently operating in.