

Schools Forum – 29th June 2017

2016/17 Dedicated Schools Grant (DSG) – Outturn Report

Introduction

The Dedicated Schools Grant (DSG) for 2016/2017 was £90m of which £53m was deducted to fund Academy Schools leaving £37m for our maintained schools and education services.

This report explores the final position statement of the Dedicated Schools Grant (DSG). This is the first time since the inception of DSG that the budget has been overspent.

In 2016/17 the DSG funded activities **overspent by £834,597**

The report sets out the areas of overspend and the determining factors that have altered the forecasted budget position.

Final Budget Position

SUMMARY OF 16/17 DSG OVERSPEND		
COST CENTRE	BUDGET HEADING	OVER / (UNDER)
PCJ09	SPECIAL SCHOOLS CONTINGENCY	274,060
PAF01	STATEMENTED PUPILS (MAINSTREAM)	177,599
PCJ04	STATEMENTING CONTINGENCY	163,459
PAE02	INDEPENDENT SPECIAL SCHOOL FEES	86,836
PBG01	SEN INCLUSION (ALFEY) - NURSERY	85,624
PBG29	2 YEAR OLD FUNDING FOR NURSERIES	185,062
PBG02	NURSERY EDUCATION 3 & 4 YR OLDS	174,881
PCJ01	IN-YEAR ADJUSTMENTS (RATES, PLANNED PUPIL GROWTH)	21,660
PAA05	VIRTUAL SCHOOL	19,793
PAA02	MANAGEMENT & SUPPORT SERVICES	15,683
PAD02	SEN EXTERNAL CONTRACTS	(29)
PXA02	SENIOR MANAGEMENT AND SUPPORT	(301)
PCN02	DSG RECHARGES & SCHOOLS INSURANCE	(400)
PCD11	LICENCES FOR SCHOOLS	(442)
PAD01	SEN SERVICES	(1,871)
PDE01	ADMISSIONS AND STUDENT SERVICES	(2,063)
PAB01	HOSPITAL TUITION	(7,139)
PDF01	ENGLISH AS AN ADDITIONAL LANGUAGE	(10,960)
PBG31	EARLY YEARS ADVISORY SERVICE	(14,677)
Q1701	BUSINESS SUPPORT - CHILDREN'S SERVICES	(15,096)
PXA16	PORTAGE TEAM	(25,645)
PAA01	INTERIM TUITION	(55,702)
PAH01	RECOUPMENT FROM OTHER AUTHORITIES	(78,154)
PAE01	JOINT FUNDED PLACEMENTS	(157,582)
	TOTAL	834,597

There are two significant factors impacting on the outturn position. Demands on higher needs funding for children with special educational needs and demand on early years placements.

On 9th March 2017 forum received a forecast outturn report predicting a £404k overspend. This prediction was made up of budget lines predominately dealing with SEND factors. The demands on both placements and Education Health and Care Plan costs continued resulting in a small increase in the position at the end of the financial year,

A second area of pressure that could not be foreseen at the March 2017 forum was the increased demand on early years placements, both for eligible two year olds and the uptake of the universal 3 and 4 year old offer.

Universal 3 and 4 year old entitlement

Early years funding is based on the January census return. The Local Area was funded to provide 1848.3 part time equivalent places (15 hours). Trends over previous years demonstrate that there is always a high number of children attending in the summer term, returning to low numbers in autumn term leading to some growth in the spring term. This pattern results in a balanced budget at the end of the financial year.

For the first time this pattern did not take the usual course.

Term	3&4YO numbers (PTE)
Summer 2016	2280
Autumn 2016	1500
Spring 2017	1975

In this financial year there was not a cause for concern in the pattern of demand for the universal offer based on the summer and autumn term returns. The spring forecast for Private Voluntary and Independent (PVI) providers was received in November 2016, this indicated that there would be funding required for 1134 children. When this was added to the autumn term returns of school based provision it was anticipated that a balanced budget would be achieved.

However it was not until final numbers were received after the return of the PVI, School and Academy census on the 28th February 2017 that the data could be cleansed and the final budget implication understood.

The final return demonstrated that there was demand above the anticipated forecast across all areas of the sector. There was an increase of 149 children attending school based nursery provision and 90 children attending PVI settings.

When balancing the budget over the three terms the local area was required to fund an **additional 211 children**. Although it is recognised that forum could have been provided with an extraordinary budget statement after the March 2017 meeting, there was no mitigating action that could have been put in place to reduce the spend as the money provided is for a statutory entitlement of 15 hours of education.

Since the Local Area position has become known officers have expressed their concerns to the Education Funding Agency and Department for Education. Whilst we anticipate a small funding adjustment may be received, it is likely that this will be substantially less than the funding required to provide the statutory places. At a cross regional DFE event many Local Authorities reported that this situation had been experienced for the first time, including Devon as our neighbouring authority. The officers called upon the Department for Education to deal with this as part of the introduction of new early years funding formula.

Eligible Two Year Old Funding

In 2016-2017 the Local Area was funded to provide 431.6 part time equivalent places (15 hours) for eligible children using a defined statutory criteria. The Local Authority applies the criteria rigorously and allows no discretionary criteria to be used in the funding of a placement. Like the universal 3 and 4 year old funding there is normally a trend that emerges across the year resulting in a balanced budget.

In this year the pattern of attendance in the Summer and Autumn Term was aligned to previous uptake figures.

Term	2YO numbers (PTE)
Summer 2016	492
Autumn 2016	545
Spring 2017	440

Analysis of take up demonstrates that parents entitled to 2 year old funding wait until a space becomes available in the provider of their choice. This leads to a larger number of 2 year old children accessing provision for the first time in the autumn term when four year olds have transitioned to school. For this reason the figures did not demonstrate that the autumn increase was anything unusual.

In Spring 2017 the Local Authority received a Department for Working Pensions List (DWP) containing eligible families. This list demonstrated a higher number of eligible families than in previous terms. The active marketing of the offer and work of the providers resulted in the numbers being maintained into the spring term.

Over the last year the local authority has worked to ensure that there has been increased access to childcare placements to meet the sufficiency duty placed upon us. There are now increased numbers of two year placements available across Torbay, resulting in more families being able to take up their offer without a delay.

The success of the programme and the confidence of parents in the high quality provision has resulted in an **additional 182 eligible children** accessing a statutory offer above that anticipated by the Department for Education. The families receiving the offer have been closely checked by national data sources, there were no mitigating actions the local authority could have taken to reduce the number of children due to a statutory duty to provide this offer.

The demand for both elements of the early years funding is aligned to the growth in pupil numbers that is becoming apparent in the primary school phase. Anticipated pupil numbers have grown at a rapid pace due to the development of new housing. In 2017 the pupil yield per household was adjusted and accepted by the DFE for primary pupil placement trajectories. The increased demand on early years placements is testament to the growth that will be seen in the primary phase in 2018 onwards. Intelligence shared between Children's Services and Planning demonstrates that developments are being finished and occupied at a faster rate than planned. New phases of housing developments are also being brought forward.

Implications

In March 2017 the School Forum took a decision to manage the overspend through the use of the reserve fund. At this point the projected outturn was £404k. This decision ensured there was no reduction in the per pupil rate provided to all schools.

Since forum took the decision the final position has changed. The outturn position of £834,597 requires forum to revisit the decision.

The forum could take a similar approach to manage the overspend by using the reserve fund. This decision would result in the members needing to take action to remove funding

previously allocated to projects. By using this approach there would be no recall on the per pupil funding provided to schools and no legacy problems will be transferred to 17/18 budget.

Recommendation

Forum to decide how the reserve fund will be managed to accommodate the additional demand on resources in 2016/2017.

Forum to ask for a detailed report of numbers of children accessing early years entitlements after both the submission of forecasts numbers and the receipt of actual numbers.

Rachael Williams
Head of Education, Learning and Skills