

**LONDON BOROUGH OF HAMMERSMITH AND FULHAM
SCHOOLS' FORUM - 16TH JANUARY 2017
REPORT BY HEAD OF RESOURCES
DEDICATED SCHOOLS GRANT MONITORING 2016/17**

Purpose of the report

This report informs Schools Forum of the current 2016/17 DSG grant allocation and provides a projection of the year end position and likely carry forward into 2017/18.

FOR INFORMATION

1 Introduction

- 1.1 The total Dedicated Schools Grant (DSG) allocation for 2016/17 (based on the most recent information published by the Department for Education) is £75.789m before adjustments. This is a reduction of £5.3m compared to October 2016 figures however £4.95m of this reduction relates to maintained schools transferring to academy status during the financial year, including: Fulham Primary School, Phoenix High School, Queens Manor Primary School and Sullivan Primary School.
- 1.2 This report will therefore focus on the current budget monitoring position and forecast carry forward.

2 2016/17 DSG allocation

- 2.1 The DSG allocation of £75.789m will be adjusted as follows:
 - 2.1.1 **Prior Year Early Years adjustment:** An increase of £16k. This adjustment relates to the 2015/16 Early Years funding, but due to late confirmation of three- and four- year old pupil numbers, the

final adjustment was only known in June 2016 and has therefore been applied to the 2016/17 DSG allocations.

2.1.2 Copyright Licencing adjustment: A reduction of £95k. This is the top sliced funding for the nationally negotiated schools copyright licences.

TABLE 1	2016/17 DSG	Change	2016/17 DSG
	October		January
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Early Years Pupil Funding	11,207	-	11,207
2YO Funding	1,130	-	1,130
Early Years Pupil Premium	96	-	96
TOTAL Early Years Block	12,433	-	12,433
Schools Block	103,191	-	103,191
Academy Recoupment	- 51,079	- 4,952	- 56,031
TOTAL Schools Block	52,111	- 4,952	47,160
High Needs Block	19,032	-	19,032
Deductions to High Needs Block	- 2,560	- 300	- 2,860
TOTAL High Needs Block	16,472	- 300	16,772
Additions/Deductions			
NQT Funding	24	-	24
TOTAL Additions/Deductions	24	-	24
TOTAL DSG Allocation 2015/16	81,041	- 5,252	75,789
Adjustments			
Prior Year Early Years			16
Copyright Licensing			- 95
TOTAL Available Funds			75,710

3 DSG budgets and budget monitoring

- 3.1 DSG budgets have been adjusted to take into account: academy recoupment, prior year adjustment and copyright licence deduction and therefore now equals £75.71m. This is the total income that will be received by the Borough after adjustments.
- 3.2 The current projected DSG out-turn is an over spend of £5.29m.
- 3.3 The major variances are set out below by funding block (3.4 – 3.6).

3.4 Early Years (overspend £572k)

- 3.4.1 There is an overspend of £572k projected on the Early Years block.
- 3.4.2 The principal reasons are increased participation in PVI's for EYSFF (£474k) and growth in two-year old offer (£263k).
- 3.4.3 This is offset by lack of claims for Early Years Pupil Premium (-£93k) and underspends on the Early Years Curriculum Support Service (-£95k).

3.5 Schools Block (overspend of £888k)

- 3.5.1 There is a forecast overspend on the Schools Block of £888k.
- 3.5.2 Growth and Falling Rolls funding of £261k has been committed (an overspend of £141k).
- 3.5.3 £450k has been forecasted for schools in financial difficulty (an anticipated overspend of £270k).
- 3.5.4 There is an overspend of £258k on the Schools Central - Other budget (£516k), which includes maternity pay, redundancy and trade union duties. This overspend is largely a result of redundancy claims and a provision for maternity claims which are currently being worked on by the Finance Team.
- 3.5.5 The asset management budget which includes: school window replacement, 6th form and Early Years growth projects, currently shows an out-turn of £1.78m on a budget of £1.435m, dependent on the completion of these projects, it is possible that some of the

expenditure committed may carry forward to 2017/18 budgets if they are not complete by the end of the financial year.

3.6 High Needs Block (overspend of £3.830m)

3.6.1 There is a projected overspend within the High Needs Block of £3.830m. This is primarily due to overspends within top-up funding. The biggest pressure arises from funding of academies/FE Colleges and Independent schools of £1.317m and £380k.

3.6.2 The budget for maintained schools shows a £413k overspend on joint funded belongings placements and £2.2m pressure from alternative provision commissioning.

3.6.3 Demand for Post-16 specialist places as well as FE college places have outstripped funding which explains some of the pressure within this budget area.

3.6.4 Spend on places within the independent school sector has risen year-on-year by approximately £450k. Work is currently being undertaken to assess the various reasons that are resulting in independent placement costs rising once again. The aim is to quickly find solutions to stabilise and hopefully reverse this trend.

3.6.5 Peter Gray's review of school funding will seek to benchmark schools top-up rates against other inner and outer London Local Authorities. The review will also analyse the local offer to assess whether need is being matched to the local provision currently offered.

3.6.6 There is significant work being undertaken to address the pressure within the alternative provision commissioning budget (£411k).

3.6.7 Measures to reduce this overspend will have an immediate impact from the start of the 2017/18 financial year.

3.6.8 A further commissioning process will be undertaken between January - August 2017 which will result in new alternative provision contracts coming into effect from 1 September 2017.

3.6.9 Belongings Placements cost pressures of (£413k) results from the funding of the education element of the high cost looked after children placements.

3.6.10 Detailed budgets and current projections of the out-turn position can be found in Table 2.

TABLE 2

	Amended Budget	Projected Actual (Jan)	Projected Variance
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Early Years Block			
2 Year Old Offer	1,130	1,333	203
2 Year Old Project	0	60	60
Early Years Formula	10,773	11,247	474
Early Years Pupil Premium	96	3	-93
Early Years Commissioners	216	229	13
Early Help Service	476	476	0
Early Years Curriculum Support Service	174	79	-95
Nursery Central Management	0	10	10
	12,865	13,437	572
Schools Block			
Schools Formula Funding	42,071	42,071	0
Schools Central - Growth / Falling Rolls	120	261	141
Schools Central - Schools in Financial Difficulty	180	450	270
Schools Central - Other (TU, Redundancy)	516	774	258
Schools Central - Asset Management	1,435	1,780	345
Schools Central Management	180	0	-180
Finance and Resources	45	182	137
Tri-Borough Portfolio Team	0	180	180
Admissions	343	343	0
School Meals	251	130	-121
Schools ELM	554	554	0
Attendance and Child Employment (ACE)	151	151	0
PDC / CLC	200	190	-10
Intervention Fund	224	150	-74
School Standards	131	73	-58
Literacy and Numeracy Support	51	51	0
Clothing Grant Welfare Benefit	100	100	0
Virtual School	76	76	0
	46,628	47,516	888
High Needs Block			
Element 2 Funding	1,068	1,068	0
Special Unit Place Funding	4,530	4,530	0
Underperforming Ethnic Groups	100	100	0
Educational Psychology	394	394	0
Top-Up Funding – Maintained	5,519	5,899	380
Top-Up Funding - Academy, Free, Ind.	2,141	3,458	1,317
Alternative Provision Commissioning	0	2,209	2,209
Belongings Placements	0	413	413
SEN Commissioning	1,571	1,139	-432
SEN Outreach	0	55	55
SEN Business and Finance Administration	135	70	-65

Sensory and Language Impairment Team	465	418	-47
Speech & Language Therapy (SALT)	294	294	0
	16,217	20,047	3,830
TOTAL DSG Applied	75,710	81,000	5,290

4 Recommendations

- 4.1 Schools Forum are asked to note the total DSG allocation and current financial position.
- 4.2 Schools Forum are asked to note that the projected carry forward is forecast as a deficit of £4.28m, down from £1.01m brought forward on 1st April 2016.

Andrew Tagg
Head of Resources

Claire Chamberlain
Tri-Borough Executive Director – Children’s Services

Background Papers

- DfE website – DSG Allocations 2016/17
<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2016-to-2017>