

# Southend-on-Sea Borough Council

Report of Deputy Chief Executive – People  
and Strategic Director of Finance and Resources

To  
**Education Board**

On  
**4<sup>th</sup> June 2019**

Agenda  
Item No.

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## Final Outturn for Dedicated Schools Grant 2018/19

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### **1 Purpose of Report**

To update the Education Board on the Dedicated Schools Grant (DSG) final outturn for the 2018/19 schools budget, high needs, early years and centrally retained.

### **2 Recommendations**

Education Board (EB) are asked to

- 2.1 Note the final 2018/19 outturn, and agree the subsequent DSG reserve balances for each funding block to be carried forward into 2019/20 (as referenced in 4.15).

### **3 Background**

- 3.1 This report sets out the final outturn (spend position) compared to the 2018/19 DSG budget set for schools, high needs, early years, central and the resultant impact on DSG reserve balances.

### **4 2018/19 Dedicated Schools Grant Budgets**

- 4.1 Appendix 1 provides the detail of the allocated DSG Budget, final outturn and final variance for the schools block, high needs, early years, central and DSG income.
- 4.2 The budget and outturn are presented as gross figures which include allocations which are recouped from the Schools and the High Needs Block by the Department for Education (DfE) in order to pass funding directly onto academies, including high need place funding for free schools and further education colleges. This report summarizes the final spend variances to budget.

**Schools Block total - £69,000 overspend, of which:**

**Schools Block individual school block allocations – (£71,000) underspend**

- 4.3 The Schools block contains the £116.221M budgeted for mainstream schools in Southend including Academies. The Budget and final outturn columns show the amount allocated directly to maintained primary and secondary schools and the amount recouped for Academies by the DfE. In line with previous reporting, there is a small variance of a (£71,000) underspend. This reflects the final and reduced in year business rate reduction applied that the DSG is able to retain, where further Schools have converted to an Academy status in 2018/19.

**Schools Block centrally retained – £140,000 overspend**

- 4.4 School block centrally retained contains both the maintained de-delegated provision, and growth fund. In line and as explained in full in the EB DSG October 2018 report, the £140,000 overspend was not unexpected and is due to the current and required application of growth funding (school funding for new intake classes) to support Southend's growing school age population.
- 4.5 And, as agreed by the EB in the last EB DSG March 2019 report, the growth funding methodology from Sept-19 will now be administered on a revised and longer term funding methodology updated each January as required.

**Early Years Block – (£297,000) underspend against the provisional Early Years DSG funding allocation.**

- 4.6 Early years block DSG funding for 2018/19 remains provisional until the DfE have revised the final funding allocation based on both the January 2019 and January 2018 early years census. This will be announced by the DfE in July 2019, and the DSG Early years funding will be adjusted in accordance with that announcement. Therefore any in year residual early years under or over spend should be isolated within final DSG reserve balances, this then also provides a funding provision that can be firstly called upon should the final 2018/19 DfE early years DSG allocation seek to reclaim any of the unspent funds.

- 4.7 Of the (£297,000) underspend, (£165,000) is attributable to the direct funding allocations for Early years providers as shown:

	2018/19 Provisional funding allocation		Variance £m (under) / over
	PTE*	Budget £m	
2 year old	422	£1.260m	£0.194m
3 & 4 year old Universal	2,739	£6.869m	£(0.386)m
3 & 4 year old Additional	660	£1.655m	£0.034m
Disability Access Fund		£0.043m	£(0.019)m
Pupil premium		£0.126m	£0.013m
<b>Total</b>		<b>£9.953m</b>	<b>£(0.165)m</b>

\*PTE (Part Time Equivalent). DfE defined as the number of children taking up 15hours per week over 38 weeks.

- 4.8 Southend's model for the distributing of Early years DSG funds to Early providers is a targeted 100% passport through rate. Therefore as previously explained, any underspend for Early Years providers will be due to a lower average distribution of PTE paid out across the year for the 3 terms, compared to the provisional DSG funding awarded based on the January 2018 and January 2017 census alone. Therefore, as we also await the final 2018/19 DSG funding allocations for Early years, this underspend has to be treated as a one off, and can therefore also assist DSG reserve balances should a subsequent funding year see a higher average of PTE paid out to Early Years providers over the 3 terms/funding periods than funding received in.
- 4.9 The remaining underspend of (£132,000), of the total (£297,000) is on the historical and final year £500,000 transfer of funds from the Schools block to Early Years, which is used to sustain, support and train the high quality of early years provision provided in Southend. As this was the last year of that funding transfer within DSG, the Early Years team have therefore been seeking to minimize this spend where possible in order to carry residual available funds forward through the DSG reserve.

#### **High Needs Block – (£219,000) underspend**

- 4.10 The final underspend on the high needs block is a (£219,000) underspend, and this is mainly as a result of the additional national high need funding announced in December 2018 by the DfE, and of which £410,000 was awarded to Southend's high need block funding. Aside from the welcome additional funding announcement, final spend positions are broadly in line with the previous reported EB spend forecasts but also reflect the efficiencies savings the EB has previously agreed and adopted in order to target High Need DSG funding balance.

4.11 The following table summarises the current final spend to budget position.

	2018/19 Final Budget	2018/19 Final Outturn	2018/19 Final (under) / over
Place funding	£7.171m	£7.171m	-
Special and PRU provision top up funding	£5.077m	£5.225m	£0.148m
EHCP top up provision schools and post-16	£3.190m	£3.335m	£0.145m
Independent Providers	£1.314m	£1.375m	£0.061m
Other Provision including SLA's	£1.272m	£1.308m	£0.035m
<b>Subtotal – service line allocation</b>	<b>£18.024m</b>	<b>£18.414m</b>	<b>£0.390m</b>
Funding allocated to restore depleted DSG High Need reserve balances	£0.200m £0.410m	-	£(0.609)m
<b>Final Total</b>	<b>£18.633m</b>	<b>£18.414m</b>	<b>£(0.219)m</b>

4.12 The final underspend of (£219,000) is a welcome underspend position that will reduce the 2018/19 bought forward high need deficit DSG reserve balance of (£567,000) to now (£348,000), and therefore when also considering the £782,000 additional high need 2019/20 funding compared to the 2018/19 final funding allocation also further alleviates, in part, some of the funding pressure's moving forward when considering the following EB DSG High Need detailed budget allocation report. However, it must also remain minded Southend's High Need block allocation still remains below an uncapped funding formulae, and therefore further evidences the tight constraints that are required on the distribution of High Needs funding.

#### **Central block – (£39,000) underspend**

4.13 A small but welcome net underspend of (£39,000) on the Central Block. This one off funding can therefore provide a small level of buffet into 2019/20 to support DSG central block funded services. The (£39,000) is mainly attributable to a small underspend on the Schools Admission team, servicing of the school forum and the DSG combined budget allocation.

## DSG funding income – online to budget

- 4.14 The Latest DfE advised allocation for 2018/19 is now (£147.540M) including the additional (£410,000) for High Needs funding, the Early years 2017/18 funding adjustment applicable in 2018/19 of £205,000 (which was also funded from an equivalent drawdown against the DSG Early Years reserve), and the final recoupment contained within for further schools that have converted to an Academy in 2018/19.

## Overall Position for the 2018/19 DSG Final Outturn and Reserve balances

- 4.15 The table below summarises the current forecast outturn position for 2018/19 and now DSG reserve balances allocated to each block as at the 31<sup>st</sup> March 2019.

Block	Schools £000	High Needs £000	Early Years £000	Central £000	Total £000
<b>Expenditure</b>					
Budgeted	116,921	18,634	10,452	1,738	<b>147,745</b>
Outturn	116,990	18,414	10,156	1,699	<b>147,259</b>
<b>Variance</b>	<b>69</b>	<b>(219)</b>	<b>(297)</b>	<b>(39)</b>	<b>(486)</b>
<b>Income</b>					
Budgeted	(117,421)	(18,634)	(9,748)	(1,738)	<b>(147,540)</b>
Outturn	(117,421)	(18,634)	(9,748)	(1,738)	<b>(147,540)</b>
<b>Variance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reserves surplus / (deficit)</b>					
1 April 2018	0	(567)	502	0	<b>(65)</b>
17/18 Early years adj	0	0	(205)	0	<b>(205)</b>
18/19 variance	(69)	219	297	39	<b>486</b>
Transferred in year	0	0	0	0	<b>0</b>
<b>31 March 2019</b>	<b>(69)</b>	<b>(348)</b>	<b>594</b>	<b>39</b>	<b>216</b>

## 5 Conclusion

- 5.1 A very welcome closing 2018/19 position for DSG balances now returning a final DSG surplus reserve balance of £216,000 to be rolled forward into 2019/20. We of course must remain minded if it wasn't for the additional £410,000 high need funding announcement in December 2018, we would have still returned an overall deficit as forecast previously. However, this should not divert from the significant work the EB, Resource Sub group, High Need task and finish group and settings involved, to agree and deliver High Need efficiencies savings over the last 3 financial years that have contributed to this now positive DSG reserve position overall and has reduced the reserve deficit balance attributable to High Needs alone.

5.2 Of course, we await any DfE funding adjustment to be applied to the provisional 2018/19 Early years funding which will be announced in July 2019, but very helpful and welcome that there is provision available within the Early Years DSG reserve balance to absorb any required returned funds.

## **6 Appendices**

Appendix 1 - DSG Final Outturn 201819