

Open Report



City of
Stoke-on-Trent

Schools Forum

15 January 2019

Dedicated Schools Grant Settlement 2019-20 & Forecast Outturn 2018-19

Report of	Section 151 Officer
	Director of Children and Family Services
Report Author	Andrew Brindley – Senior Business Partner - Schools Jen Lomas - Assistant Director Learning Services
Type of Decision	For Information
Wards Affected	All Wards
Stronger Together Priorities and how they are applicable:	
Support our residents to fulfil their potential	
<i>To support the strategic objective of supporting our schools to deliver a step change in educational attainment so that every young person has access to a school rated 'good' or better.</i>	

1.0 Reason and Purpose of Report:

1.1	This report provides Schools' Forum with details of the Schools Funding Settlement & Dedicated Schools Grant (DSG) allocation for 2019-20.
1.2	This report also provides details of the forecast outturn position for the DSG in 2018-19.

2.0 Recommendation(s):

2.1	Members of the Forum are asked to consider the report and: <ul style="list-style-type: none">• note the basis on which the City Council intends to set the Schools' Budget in 2019-20.• note the forecast outturn position for the DSG in 2018-19.
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3.0 Summary of Main Points:

3.1	Dedicated Schools Grant 2019-20 The DSG is paid in support of the local authority's schools budget and is the main source of income supporting both the delegated budget allocations made to schools and academies across the city through the local schools funding formula, and the provision of services in relation to high needs and early years' pupils.
3.2	The DSG now comprises four blocks: schools, high needs, early years and the central school services block. Following on from 2018-19 a national formula is used to calculate all of the blocks.
3.3	Within the schools block, the Government has provided at least a 1% per pupil increase for each school in 2019-20 through the national funding formula compared to their 2017-18

	baseline Local authorities' schools block allocations have been calculated by aggregating schools' notional allocations under the national funding formula, and these notional allocations will reflect these increases. Schools block allocations will be expressed as separate per pupil primary and secondary rates for each local authority. They will also include funding at local authority level for premises and mobility based on historic spend. For the first time in 2019-20 growth will be allocated on a formula basis instead of a historic basis.																																
3.4	In 2019-20 the school block primary unit of funding has increased to £4,099.48 (from £4,077.23) and the secondary unit of funding has increased to £5,379.09 (from £5,293.27).																																
3.5	On the 17 December 2018 the Department for Education issued the 'Schools Revenue Funding Settlement 2019 to 2020' which provided details of the DSG allocations for Stoke-on-Trent for 2019-20.																																
3.6	The announcement confirmed the provisional Pupil Premium level of funding for 2019-20 for disadvantaged pupils will remain as in 2018-19 at £1,320 per pupil for primary, £935 per pupil for secondary, £302 per pupil for Early Years'.																																
3.7	Based on the above, the total 2019-20 DSG allocation (before academy recoupment) for Stoke-on-Trent was confirmed at £226.00 million. The allocation was broken down as follows:																																
	<table border="1"> <thead> <tr> <th>Block</th> <th>Funding 2018-19 (Nov 2018) £ million</th> <th>Provisional Funding 2019-20 £ million</th> <th>Funding 2019-20 (Dec 2018) £ million</th> </tr> </thead> <tbody> <tr> <td>Schools – Pupil Led and NFF School Led</td> <td>158.08</td> <td>159.64</td> <td>164.09</td> </tr> <tr> <td>Schools – NFF Funding Through Growth and Premises</td> <td>4.19</td> <td>4.02</td> <td>5.03</td> </tr> <tr> <td>Sub Total</td> <td>162.27</td> <td>163.66</td> <td>169.12</td> </tr> <tr> <td>High Needs</td> <td>30.75</td> <td>31.15</td> <td>32.54</td> </tr> <tr> <td>Central Services</td> <td>5.41</td> <td>5.38</td> <td>5.41</td> </tr> <tr> <td>Early Years</td> <td>18.95</td> <td>N/A</td> <td>18.93</td> </tr> <tr> <td>Total</td> <td>217.38</td> <td>200.19</td> <td>226.00</td> </tr> </tbody> </table>	Block	Funding 2018-19 (Nov 2018) £ million	Provisional Funding 2019-20 £ million	Funding 2019-20 (Dec 2018) £ million	Schools – Pupil Led and NFF School Led	158.08	159.64	164.09	Schools – NFF Funding Through Growth and Premises	4.19	4.02	5.03	Sub Total	162.27	163.66	169.12	High Needs	30.75	31.15	32.54	Central Services	5.41	5.38	5.41	Early Years	18.95	N/A	18.93	Total	217.38	200.19	226.00
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3.8	For the first time in 2019-20 the allocation of growth was based on a formula basis instead of a historic basis. Based on the formula growth funding totalled £1,533,870 (previous historic basis £532,160).																																
3.9	To support the ever increasing pressure on high needs budgets the announcement also included an additional £250.00 million for high needs across two financial years, 2018-19 and 2019-20. For Stoke-on-Trent the funding was £592,438 for each year.																																
3.10	DSG Forecast Outturn 2018-19 In addition to presenting the Schools Funding Settlement & Dedicated Schools Grant (DSG) allocation for 2019-20 the purpose of this report is to provide the Forum with details of the forecast outturn position for the 2018-19 financial year.																																
3.11	It is important to note that due to the changing nature of the schools estate, the respective responsibilities of Local Authorities and Academies and the significant uncertainty and turbulence that this has created, along with other emerging risks budgets have been set																																

and managed cautiously over recent years. The forecast outturn position totals an overspend of £9.692m.

3.12

A detailed explanation of the significant variances is included in Table 1 below. Appendix A provides a breakdown of the approved budget and the forecast outturn position in Section 251 format.

Table 1 (Under)/Overspends in DSG 2018-19

Area	£000's	Comments
DSG Deficit b/f from 2017-18	5,671	
ISB (Net Academy Adjustments)	(364)	Relates to underspends mainly within Early Years funding £531k and an overspend in High Needs place funding £167k.
Top Up Funding Maintained Providers	803	Top Up Funding Maintained Providers relates to top up allocations for pupils with high needs in maintained settings including both those within Stoke-on-Trent and those in other local authority settings. These are demand led budgets and are based on the numbers and specific needs of individuals. There is currently an overspend in Special Schools of £894k.
Top Up Funding Academy & Free Schools	549	The number of EHC plans have increased resulting in increased expenditure not originally budgeted for.
Top Up Funding Independent Providers	5,580	Top Up Funding Independent Providers expenditure is continuing to increase year on year. In 2017-18 the overspend was £3,007k. Again this budget is demand led. Actions to reduce spend are included within the High Needs Action Plan.
SEN Support Services	(8)	
Other Alternative Provision Services	2,815	Alternative provision expenditure is continuing to increase year on year. In 2017-18 the overspend was £2,153k. An action to reduce spend is included within the High Needs Action Plan
Support for Inclusion	30	
Special Schools and PRUs in Financial Difficulty	148	Reach PRU balance in relation to the High Needs Action Plan.
Direct Payments (SEN and Disability)	150	SEN Transport expenditure in relation to SEN (Personal Budgets) Regulations 2014.
Therapies and other Health Related Services	270	Includes expenditure on the provision of special medical support for individual pupils.
Central Expenditure on Children under 5	(97)	This relates to an underspend of Early Years Contingency.
Pupil Growth	(184)	
(Under)/Overspend in Year – Net in Year Deficit	9,692	DSG in year overspend 2018-19.
Less (0.5% Transfer/Academy Recoupment)	(951)	Relates to 0.5% transfer from Schools Block £811k and £140k academy recoupment payback for Pupil Growth for the period April 17 to Aug 18.
Less ESFA Funding (EY/HN)	(862)	Relates to Early Years Funding Adjustment 2017-18 of £270k and additional support for High Needs £592k.
DSG Deficit as at 31 March 2019	13,550	DSG carry forward to 2019-20

3.13

An High Needs Action Plan is currently in place to bring the DSG back into balance as early as possible.

Technical Appendix:

List of Background papers/sources of information used for this report:
ESFA: Schools revenue funding 2019 to 2020 Operational Guides July 2018 and December 2018. ESFA: DSG Funding Allocations (November 2018) 2018-19. ESFA: School Revenue Funding Settlement 2019 to 2020. LA: Previous Schools' Forum Reports & Minutes relating to School Funding Reform & School Budgets.
List the appendices included as part of this report:
Appendix A Schools Budget Provisional Outturn 2018-19.

Implications taken into consideration in this report *(Please list as separate appendix if required):*

Financial and Commercial:
The total 2019-20 DSG allocation (before academy recoupment) for Stoke-on-Trent was confirmed at £226.00 million. The Schools' Budget outturn is estimated at £101.00 million for 2018-19.
Legal:
As set out by the Early Years Finance (England) Regulations 2018, there is a legal requirement to set a balanced Schools' Budget in consultation with the Schools' Forum.
Human Resources:
No direct implication from decisions relating to this report. Future funding allocations could impact on staffing within individual schools and services.
Public Health and Public Services (Social Value) Act 2012:
N/A
Equality Impact or Environmental Impact Assessments:
N/A
Key Risks:
The High Needs Action Plan is not fully adhered to and the DSG is not brought back into balance within the required timescale .

The following section must be completed for Executive Decisions i.e. Cabinet *

Options Considered:	
1.	N/A

* In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012