**WESTMINSTER CITY COUNCIL**

**SCHOOLS FORUM 10TH OCTOBER 2016**

**REPORT BY THE HEAD OF RESOURCES**

**DEDICATED SCHOOLS GRANT 2016/2017**

This report informs Schools Forum of the current 2016/2017 DSG grant allocation and provides a projection of the year end position and likely carry forward into 2017/2018.

**FOR INFORMATION**

1. **INTRODUCTION**
	1. The Dedicated Schools Grant (DSG) allocation for 2016/2017 per current published Department for Education (DfE) information is £83,432k before adjustments. This represents a reduction of £887k since the last report in June.
	2. This report looks at the reason for the reduction and the current budget monitoring position once this has been taken into account.
2. **2016/2017 DSG ALLOCATION**

2.1 In June 2016 we reported to Schools Forum a DSG allocation of £84,319k. The DfE have since updated the DSG information to include a number of adjustments –

* Revised early years pupil projection,
* A move to funding early years pupil premium using data from the schools and early years census’,
* Providing information on the cash adjustments to DSG received by the local authority for the prior year early years adjustment and copyright licensing,

2.2 Table 1 below shows a comparison between the DSG allocation as reported to Schools Forum in June and the current DfE allocation.

**Table 1**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2016/2017 DSG****June** | **Change** | **2016/2017 DSG****October** |
|  |  |  |  |
|  | ***£’000*** | ***£’000*** | ***£’000*** |
|  |  |  |  |
| **Early Years Pupil Funding** | 10,815  |  - 657 | 10,158  |
| 2YO Funding |  1,194  | - 23 |  1,171  |
| Early Years Pupil Premium |  316  | - 207 | 109 |
| **TOTAL Early Years Block** |  **12,325**  | **- 887** | **11,438** |
|  |  |  |  |
| **Schools Block** |  112,807  | - |  112,807  |
|  NRA Cash Adjustment | 50 | - | 50 |
| Academy Recoupment | - 63,229  | - | - 63,229  |
| **TOTAL Schools Block** |  **49,628**  | **-** |  **49,628**  |
|  |  |  |  |
| **High Needs Block** |  24,230  | - |  24,230  |
| Deductions to High Needs Block | - 1,891  | - | - 1,891  |
| **TOTAL High Needs Block** |  **22,339**  | **-** |  **22,339**  |
|  |  |  |  |
| **Additions/Deductions** |  |  |  |
| NQT Funding |  27  | - |  27  |
| **TOTAL Additions/Deductions** |  **27**  | **-** |  **27**  |
|  |  |  |  |
| **TOTAL DSG Allocation 2015/2016** |  **84,319**  | **- 887** |  **83,432**  |
|  |  |  |  |
| **Adjustments** |  |  |  |
| Prior Year Early Years |  |  | - 400 |
| Copyright Licensing |  |  | - 103 |
| **TOTAL Available Funds** |  |  | **82,929** |
|  |  |  |  |

**Changes to Early Years Block**

* 1. Funding for the Early Years Block is broken down into 3 areas, the 3 and 4 year old funding formula, the 2 year old funding formula and the early years pupil premium.
	2. 3 and 4 year old funding and 2 year old funding are both calculated as an amount per pupil with pupil numbers taken as an average of the three termly census’. Current funding levels will therefore be updated again as the 2016/2017 position becomes clear. Tables 2 and 3 show the movement in pupil numbers for the two formula.

 **Table 2**

|  |  |  |  |
| --- | --- | --- | --- |
| **3 and 4 Year Old Funding** | **June** | **Change** | **October** |
| Funding / Child (£) | 6,840.91 | 0 | 6,840.91 |
| No. of Children | 1,581 |  - 96 | 1,485 |
| **TOTAL** | 10,815,478.71 | - 656,727.36 |  10,158,751.35 |

 **Table 3**

|  |  |  |  |
| --- | --- | --- | --- |
| **2 Year Old Funding** | **June** | **Change** | **October** |
| Funding / Child (£) | 5,766.50 | 0 | 5,766.50 |
| No. of Children | 207 | - 4 | 203 |
| **TOTAL** | 1,193,665.50 | - 23,066.00 | 1,170,599.50 |

* 1. The fall in early years pupil premium is due to DfE moving from funding on an estimate to using deprivation actual from the early years and schools census’.
1. **DSG BUDGETS AND BUDGET MONITORING**
	1. Budgets have been adjusted for the change to early years funding, prior year adjustment and copyright licence deduction and therefore equal £82,929k, the total income that will be received by the Royal Borough after adjustments.
	2. The £887k reduction in funding has been applied to the early years budgets.
	3. The current projected DSG Out-Turn is an overspend of £1,000k.
	4. The major variances are as follows –

**Early Years**

* 1. There is a large overspend of £1,657k projected in on early years. While this is formed of a number of variances the largest is the £1,935k overspend shown against the 3 and 4 year old formula budget.
	2. During 2015/2016 Westminster had an overspend on the 3 and 4 year old formula budget of £1,075k largely due to the costs associated with full time places, this has increased to £1,935k in 2016/2017 (an increase of £860k).
	3. This increase has two main causes, firstly the DfE have clawed back £400k of DSG relating to the 2015/2016 as their pupil estimates were higher than recorded on the final January 2016 census. Secondly our latest trend analysis suggests that we can expect to have 1,542 FTE equivalent 3 and 4 year old pupils on the January 2017 census resulting in the current DSG information under reporting the Westminster 3 and 4 year old funding by around £388k.

 **Schools Block**

* 1. The net variance in the schools block is £110k, made up of a number of small items.

**High Needs Block**

* 1. There is a projected under spend on the high needs block of £767k, this is primarily due to three items, a £985k under spend on top-up: maintained and an overspend of £411k in alternative provision commissioning and an £154k under spend on belongings placements.
	2. There has been a reduction in year on year expenditure on top-up finding in the maintained sector of almost £800k. This has been caused by the reduction in historic payments due to work done by the SEN team last year as well as the continued transfer of schools to the academy sector. Demand is also down in the independent school sector with a year on year cost reduction of around £400k.
	3. There is also an ongoing pressure (£411k) on alternative provision commissioning due to increase demand for specialist support. The SEN Team are currently examining methods by which we might commission this support more cost effectively.
	4. The reduction in Belongings Placements costs (£154k) is due to the transfer of several pupils from high cost looked after children placements back into the school sector.
	5. Detailed budgets and current projections of the Out-Turn position can be found in Appendix A.
1. **RECOMMENDATIONS**
	1. Schools Forum are asked to note the DSG allocation and monitoring position.
	2. Schools Forum are asked to note that the projected carry forward will be £3,957k.

**Andrew Tagg**

**Head of Resources**

**Claire Chamberlain**

**Tri-Borough Executive Director – Children’s Services**

**Background Papers**

* DfE website – DSG Allocations 2016/2017

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Amended Budget** | **Projected Actual (P6)** | **Projected P6 Variance** |
|  | *£'000* | *£'000* | *£'000* |
| **Early Years Block** |  |  |  |
| 2 Year Old Offer | 1,171  | 946  | -225  |
| 2YO Project | 0  | 36  | 36  |
| Early Years Formula | 8,185  | 10,120  | 1,935  |
| Early Years Pupil Premium | 109  | 124  | 15  |
|  |  |  |  |
| Children with Disabilities Provision | 41  | 41  | 0  |
| Early Years Commissioners | 46  | 46  | 0  |
| Early Help and Partnerships Team | 240  | 240  | 0  |
| Early Years and Children´s Centres Team | 293  | 293  | 0  |
| Early Years Provision | 266  | 162  | -104  |
| Children’s Centre and Family Support | 48  | 48  | 0  |
| Children In Need Provision | 622  | 622  | 0  |
|  | **11,021**  | **12,678**  | **1,657**  |
| **Schools Block** |  |  |  |
| Schools Formula Funding | 47,982  | 47,982  | 0  |
| Schools Central - Growth / Falling Rolls | 1,402  | 1,402  | 0  |
| Schools Central - Trade Union | 41  | 41  | 0  |
| Schools Central - Other (TU, Redundancy) | 130  | 218  | 88  |
|  |  |  |  |
| Finance and Resources | 243  | 265  | 22  |
| School Standards | 66  | 66  | 0  |
| Intervention Fund | 75  | 75  | 0  |
| Admissions | 431  | 431  | 0  |
| Multi Agency Safeguarding Hub | 17  | 17  | 0  |
| Virtual School | 102  | 102  | 0  |
|  | **50,489**  | **50,599**  | **110**  |
| **High Needs Block** |  |  |  |
| Element 2 Funding | 1,727  | 1,727  | 0  |
| Special Unit Place Funding | 1,890  | 1,890  | 0  |
|  |  |  |  |
| EAL and Early Years Team | 55  | 97  | 42  |
| Educational Psychology | 100  | 100  | 0  |
| Top-Up Funding – Maintained | 6,257  | 5,272  | -985  |
| Top-Up Funding - Academy, Free, Ind. | 7,918  | 7,845  | -73  |
| Alternative Provision Commissioning | 750  | 1,161  | 411  |
| Belongings Placements | 564  | 410  | -154  |
| SEN Commissioning | 776  | 768  | -8  |
| Vulnerable children placements | 113  | 113  | 0  |
| SEN Business and Finance Administration | 212  | 212  | 0  |
| SEN Outreach | 579  | 579  | 0  |
| Portage | 240  | 240  | 0  |
| Speech and Language Therapy (SALT) | 238  | 238  | 0  |
|  | **21,419**  | **20,652**  | **-767**  |
|  |  |  |  |
| **TOTAL DSG Applied** | **82,929**  | **83,929**  | **1,000**  |