

**FINAL DEDICATED SCHOOLS GRANT AND UPDATED SCHOOLS BUDGET
2015-16**

Report of the Director of Children's Services

Author: Jonathan Burberry
Tel: 01992 555943

1. Purpose

- 1.1 To outline the level of Dedicated Schools Grant (DSG) available following the announcement of the final 2015-16 DSG.
- 1.2 To seek the support of the Forum to carry forward additional DSG resource to 2016-17.
- 1.3 To update the Forum on the finalisation of the 2015-16 Schools Budget.

2. Summary

- 2.1 This paper gives details of the final DSG for 2015-16 and how this compares to what was budgeted. It also outlines the final Schools Budget for 2015-16 and the proposed carry forward of DSG to 2016-17.

3. Recommendations

The Forum is asked to:

- Note the changes in DSG and in the Schools Budget since January.
- Support the carry forward of the additional DSG resources to 2016-17. The total carry forward to 2016-17 would therefore be £16.782m comprising £17k of 2015-16 DSG and £16.765m of carry forward DSG.

4. Background

- 4.1 The Schools block element of the 2015-16 DSG is based on pupil numbers from the October 2014 count and was therefore finalised last December (subject to the regular adjustments which are made in respect of academies' recoupment). The High Needs block was also largely finalised in December, except for some minor adjustments in respect of Alternative Provision Free Schools and high needs places commissioned by other authorities. However, the Early Years block was only finalised in July, following the DfE's processing of the January 2015 pupil count. For the first time in 2015-16, the Early Years DSG incorporates an allocation in respect of 2 year olds based on the January 2015 pupil count, in the same way that DSG for 3 and 4 year olds is calculated.

Following new instructions from the DfE, the retrospective adjustment to Early Years DSG in respect of 2014-15 (based on the January 2015 pupil count) has been included in the 2014-15 accounts and was reported to the Forum in June as part of the 2014-15 outturn report.

5. Dedicated Schools Grant (DSG) 2015-16

- 5.1 The final pupil numbers and DSG, which have now been announced by the DfE for Hertfordshire, are shown in the table below, together with a comparison to the budgeted figures.

| Pupil Numbers (FTE) | Final DSG | Budget |
|---|------------------|----------------|
| Schools | 157,427 | 157,427 |
| Early Years (3 and 4 year olds) | 11,749 | 11,670 |
| Early Years (2 year olds) | 1,208 | 1,748 |
| Dedicated Schools Grant (£m) | Final DSG | Budget |
| Schools Block | 690.221 | 690.221 |
| Adjustment re NQTS | 0.236 | 0.236 |
| Adjustment re Free Schools | 9.074 | 9.039 |
| Early Years Block – 3 and 4 year olds | 54.000 | 53.637 |
| Early Years Block - 2 year olds | 6.013 | 8.700 |
| Early Years Pupil Premium | 0.703 | 0.703 |
| High Needs Block | 96.107 | 95.977 |
| Total | 856.355 | 858.513 |
| Deduction to high needs block for direct funding of places by the EFA | (6.075) | (5.927) |
| DSG after deductions to high needs block | 850.279 | 852.586 |
| Primary and secondary academies recoupment | (278.751) | |
| DSG after recoupment deductions | 571.528 | |

In practice the DSG will continually reduce during 2015-16 as more schools convert to academy status. In addition, there will be an adjustment to the 2015-16 Early Years' DSG when the January 2016 early years' pupil

numbers are known and an adjustment to the Early Years Pupil Premium allocation based on a count in the Autumn Term 2015.

- 5.2 Thus, excluding recoupment deductions for primary and secondary academies, the final DSG is £2.307m less than originally budgeted. The main reason for this difference is a reduction of £2.687m in the DSG for 2 year olds because the actual number of full time equivalent 2 year olds in provision in January 2015 is less than estimated. Other minor differences are as follows:

- a) Early Years DSG re 3 and 4 year olds – an increase of £0.363m
This is because there were slightly more 3 and 4 year olds in provision in January 2015 than estimated.
- b) Free schools adjustment – an increase of £35k
This partly relates to revised rates estimates for free schools.
- c) High Needs DSG, net of deduction for direct funding of places by the EFA – a reduction of £18k.

The increase in the High Needs block relates to high needs places at Hertfordshire schools commissioned by other authorities. However this is reversed out by a higher deduction for direct funding of high needs places by the EFA.

The overall net reduction arises because the DfE has also deducted funding for places in Alternative Provision free schools outside Hertfordshire, which are occupied by Hertfordshire pupils.

It is proposed to reduce the budget for 2 year olds by the £2.687m reduction in DSG. This reflects the lower than budgeted number of pupils in provision and the reduced spend on 2 year olds.

Correspondingly it is proposed to add the £0.363m additional DSG in respect of 3 and 4 year olds to the budget for 3 and 4 year olds in order to fund the slightly higher number pupils.

It is proposed to carry forward to 2016-17 the net increase in 2015-16 DSG of £17k resulting from the free schools and high needs changes.

6. Carry Forward of DSG from 2014-15

- 6.1 Any under or over spend of DSG in one year has to be carried forward to support the Schools Budget in future years.
- 6.2 The Authority's accounts for 2014-15 are now finalised. The under-spend of central expenditure at 31/3/15 was £27.057m. The report to the June meeting of Forum gave the breakdown of the under spend. Some of this carry forward amount is being used during 2015-16.

| | |
|--|--------|
| Analysis of DSG carry forward from 2014-15 | £m |
| Carry forward at 31/3/15 | 27.057 |
| Use of carry forward during 2015-16 | |
| General support for the Schools Budget | 9.395 |
| Supporting Capital schemes | 0.847 |
| Additional resource for Early Years full time places | 0.050 |
| Total use of carry forward | 10.292 |
| Remaining balance of 2014-15 carry forward | 16.765 |

- 6.3 It is intended that the balance of the carry forward of £16.765m be carried forward to support the Schools Budget in 2016-17.

7. Schools Budget

- 7.1 The Authority's Schools Budget for 2015-16 (as reported on the 2015-16 Section 251 Budget Statement) was as follows:

| | DSG Funded £m | Sixth form grant funded £m | Total £m |
|--|------------------------------|---|---------------------|
| Original grant estimate | 858.513 | 14.472 | 872.985 |
| Post 16 high needs places in special schools | (1.380) | 1.410 | 30 |
| Schools Budget (excluding carry forwards) | 857.133 | 15.882 | 873.015 |
| Use of carry forward | 10.292 | | 10.292 |
| Schools Budget (including carry forward) | 867.425 | 15.882 | 883.307 |

It is proposed to amend this by the following amounts:

| | | | |
|--|----------------|---------------|----------------|
| Reduction in the budget for 2 year olds | (2.687) | | (2.687) |
| Increase in the budget for 3 and 4 year olds | 0.363 | | 0.363 |
| Revised Schools Budget | 865.101 | 15.882 | 880.983 |

8. Conclusion

The Forum is asked to agree the recommendations in Section 3.