

**FINAL DEDICATED SCHOOLS GRANT AND UPDATED SCHOOLS BUDGET
2016-17**

Report of the Director of Children's Services

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1. Purpose

- 1.1 To outline the level of Dedicated Schools Grant (DSG) available following the announcement of the final 2016-17 DSG.
- 1.2 To seek the support of the Forum to carry forward additional DSG resource to 2017-18.
- 1.3 To update the Forum on the finalisation of the 2016-17 Schools Budget.

2. Summary

- 2.1 This paper gives details of the final DSG for 2016-17 and how this compares to what was budgeted. It also outlines the final Schools Budget for 2016-17 and the proposed carry forward of DSG to 2017-18.

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 2017-18. The total carry forward to 2017 would therefore be £11.854m comprising £17k of 2016-17 DSG and £11.199m of carry forward DSG from 2015-16 plus the retrospective 2015-16 early years DSG adjustment of £638k.

4. Background

- 4.1 The Schools block element of the 2016-17 DSG is based on pupil numbers from the October 2015 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 to the deductions for alternative provision (AP) free schools and high needs places in academies. However, the early years block was only finalised in July, following the DfE's processing of the January 2016 pupil count.

Due to the late announcement by the DfE of the retrospective adjustment to the 2015-16 early years DSG (based on the January 2016 pupil count), this adjustment is being accounted for in 2016-17 and is covered in section 5.3 of this paper.

5. Dedicated Schools Grant (DSG) 2016-17

- 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	161,653	161,653
Early Years (3 and 4 year olds)	11,853	11,541
Early Years (2 year olds)	1,332	1,400
Dedicated Schools Grant (£m)	Final DSG (£m)	Budget (£m)
Schools Block	710.817	710.817
Adjustment re NQTS	0.234	0.234
Early Years Block – 3 and 4 year olds	54.478	53.044
Early Years Block - 2 year olds	6.631	6.969
Early Years Pupil Premium	0.646	0.703
High Needs Block	97.858	97.858
Total	870.664	869.625
Deduction to high needs block for direct funding of places by the EFA	(6.304)	(6.321)
DSG after deductions to high needs block	864.360	863.304
Primary and secondary academies recoupment	(287.708)	
DSG after recoupment deductions	576.652	

In practice the DSG will continually reduce during 2016-17 as more schools convert to academy status. In addition, there will be retrospective adjustments to the 2016-17 early years' DSG when the January 2017 early years' pupil numbers are known. There will be adjustments to the funding for 3 and 4 year olds, for 2 year olds and for the early years pupil premium.

5.2 Thus, excluding recoupment deductions for primary and secondary academies, the final DSG is £1.056m more than originally budgeted. The reasons for this difference are as follows:

- a) Early Years DSG re 3 and 4 year olds – an increase of £1.434m
This is because there were more full time equivalent (FTE) 3 and 4 year olds in provision in January 2016 than estimated.
- b) Early Years DSG re 2 year olds – a reduction of £0.338m because there were fewer FTE 2 year olds in provision in January 2016 than estimated.
- c) Early Years Pupil Premium – a reduction of £57k due to fewer eligible pupils than estimated.
- d) High Needs DSG, net of deduction for direct funding of places by the EFA – an increase in DSG of £17k due to a lower deduction in respect of pupils in AP Free Schools.

The early years DSG is based on the January census count whereas allocations to providers are based on the average of the three termly counts during the financial year (including final termly adjustments). Thirteen more maintained schools are now admitting 2 year olds and the Summer Term 2016 expenditure figures indicate that pupil numbers for both 2 year olds and 3 and 4 year olds are higher than projected. It is therefore proposed to adjust the early years' budget by the difference between the actual and estimated early years DSG, in order to update the budget for an increase in FTE pupil numbers.

It is proposed to carry forward to 2017-18 the net increase in 2016-17 high needs DSG of £17k.

5.3 Adjustments to Early Years DSG for 2015-16.

The retrospective adjustment to the 2015-16 early years DSG was also announced in July by the DfE. This was an increase in DSG of £0.638m, relating to both 2 year olds and 3 and 4 year olds. Due to the late announcement of this funding it is being accounted for in 2016-17. It is proposed to carry forward to 2017-18 this additional amount of DSG.

6. Carry Forward of DSG from 2015-16

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 2015-16 are now finalised. The under-spend of central expenditure at 31/3/16 was £22.013m. 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 2016-17.

Analysis of DSG carry forward from 2015-16	£m
Carry forward at 31/3/16	22.013
Use of carry forward during 2016-17	10.814
Remaining balance of 2015-16 carry forward	11.199

- 6.3 It is intended that the balance of the carry forward of £11.199m be carried forward to support the Schools Budget in 2017-18.

7. Schools Budget

- 7.1 The Authority's Schools Budget for 2016-17 (as reported on the 2016-17 Section 251 Budget Statement) was as follows:

	DSG Funded £m	Sixth form grant funded £m	Total £m
Original grant estimate	869.625	13.315	882.940
Post 16 high needs places in special schools	(1.416)	1.416	0
Schools Budget (excluding carry forwards)	868.209	14.731	882.940
Use of carry forward	10.814		10.814
Schools Budget (including carry forward)	879.023	14.731	893.754

It is proposed to amend this as follows:

Increase in the early years budget	1.039		1.039
Revised Schools Budget	880.062	14.731	894.793

8. Conclusion

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