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**FINAL DEDICATED SCHOOLS GRANT AND UPDATED SCHOOLS BUDGET
2017-18**

Report of the Operations Director, Education

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1. Purpose

- 1.1 To outline the level of Dedicated Schools Grant (DSG) available following the announcement of the final 2017-18 DSG.
- 1.2 To seek the support of the Forum to carry forward DSG resource to 2018-19.
- 1.3 To update the Forum on the finalisation of the 2017-18 Schools Budget.

2. Summary

- 2.1 This paper gives details of the final DSG for 2017-18 and how this compares to what was budgeted. It also outlines the final Schools Budget for 2017-18 and the proposed carry forward of DSG to 2018-19.

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 2018-19. The total carry forward to 2018-19 would therefore be £11.980m, comprising £31k of 2017-18 DSG and £11.949m of carry forward DSG from 2016-17 (net of the retrospective 2016-17 early years DSG clawback).

4. Background

- 4.1 The Schools block element of the 2017-18 DSG is based on pupil numbers from the October 2016 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 adjustments to the deductions for high needs places in academies, free schools and colleges. However, the early years block was only finalised in July, following the DfE's processing of the January 2017 pupil count.

Also announced in July was the retrospective adjustment to the 2016-17 early years DSG (based on the January 2017 pupil count). Due to its late notification, this adjustment is being accounted for in 2017-18 and is covered in section 5.3 of this paper.

5. Dedicated Schools Grant (DSG) 2017-18

- 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	164,365	164,365
Early Years (3 and 4 year olds) Universal Entitlement	11,586	11,477
Early Years (2 year olds)	1,318	1,447
Dedicated Schools Grant (£m)	Final DSG (£m)	Budget (£m)
Schools Block	725.826	725.826
Early Years		
3 and 4 year olds Universal Entitlement	59.218	58.659
3 and 4 year olds Additional Hours	10.704	10.704
2 year olds	7.027	7.711
Pupil Premium	0.598	0.646
Disability Access Fund	0.228	0.227
Nursery Schools Supplementary Funding	1.795	1.795
High Needs Block	104.161	104.161
Total	909.557	909.729
Deduction to high needs block for direct funding of places by the EFA	(9.591)	(9.622)
DSG after deductions to high needs block	899.966	900.107
Primary and secondary academies recoupment	(306.530)	
DSG after recoupment deductions	593.436	

In practice the DSG will continually reduce during 2017-18 as more schools convert to academy status. In addition, there will be retrospective adjustments to the 2017-18 early years' DSG when the January 2018 early years' pupil numbers are known.

5.2 Thus, excluding recoupment deductions for primary and secondary academies, the final DSG is £141k less than originally budgeted. The reasons for this difference are as follows:

- a) Early Years DSG re 3 and 4 year olds universal entitlement – an increase of £559k. This is because there were more full time equivalent (FTE) 3 and 4 year olds in provision in January 2017 than estimated.
- b) Early Years DSG re 2 year olds – a reduction of £684k because there were fewer FTE 2 year olds in provision in January 2017 than estimated.
- c) Early Years Pupil Premium – a reduction of £48k due to fewer eligible pupils than estimated. There is an increase of £1k in the Disability Access fund due to roundings.
- d) High Needs DSG, net of deduction for direct funding of places by the EFA – an increase in DSG of £31k due to a lower deduction in respect of pupils in AP Free Schools.

It is proposed to adjust the 2017-18 early years' budgets by the difference between the actual and estimated early years DSG, in order to update the budget for the changes in FTE pupil numbers. This amounts to a net reduction in early years budgets of £172k.

It is proposed to carry forward to 2018-19 the net increase in 2017-18 high needs DSG of £31k.

5.3 Adjustments to Early Years DSG for 2016-17.

The retrospective adjustment to the 2016-17 early years DSG was also announced in July by the DfE. This reflects the change in early years' pupil numbers between January 2016 and January 2017 and comprises a reduction in DSG of £780k, mostly relating to 3 and 4 year olds. Due to the late announcement of this adjustment, it is being accounted for in 2017-18. Had this adjustment been announced earlier and accounted for in 2016-17, it would have reduced the DSG carry forward at 31/03/2017. It is therefore intended to offset the retrospective adjustment to early years DSG against the overall DSG carry forward.

5.4 New free school opening in 2017-18

£440k was included in the 2017-18 budget to fund this school. However, the DfE has since indicated that it will recoup the 2017-18 budget share of the new free school retrospectively in 2018-19. Therefore, the Schools Budget for 2017-18 has been reduced and the £440k will be carried forward to 2018-19, in order to fund the payment to the DfE.

6. Carry Forward of DSG from 2016-17

- 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 2016-17 are now finalised. The carry forward at 31/03/2017, including the 2016-17 underspend on central expenditure, was £21.289m (The report to the June meeting of Forum gave the breakdown of the 2016-17 under spend). Some of this carry forward amount is being used during 2017-18 and £0.8m of the carry forward will be offset against the retrospective reduction in the early years DSG for 2016-17.

Analysis of DSG carry forward from 2016-17	£m
Carry forward at 31/03/2017	21.289
Use of carry forward during 2017-18 as originally budgeted	(9.000)
Carry forward of budget for new free school to 2018-19	0.440
Retrospective early years DSG adjustment for 2016-17	(0.780)
Remaining balance of carry forward from 2016-17	11.949

- 6.3 It is intended that the balance of the DSG carry forward of £11.949m should be carried forward to support the Schools Budget in 2018-19.

7. Schools Budget

- 7.1 The Authority's Schools Budget for 2017-18 was as follows:

	DSG Funded £m	Sixth form grant funded £m	Total £m
Original grant estimate	909.729	12.452	922.181
Post 16 high needs places in special schools	(1.416)	1.416	0
Schools Budget (excluding carry forwards)	908.313	13.868	922.181
Use of carry forward	9.000		9.000
Original Schools Budget (including carry forward)	917.313	13.868	931.181
Budget for new free school carried forward to 2018-19	(0.440)		(0.440)
Schools Budget as at 2017-18 Section 251 budget statement	916.873	13.868	930.741

It is proposed to amend this as follows:

Change in the early years budget	(0.172)		(0.172)
Revised Schools Budget	916.701	13.868	930.569

8. Conclusion

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