

**FINAL DEDICATED SCHOOLS GRANT AND UPDATED SCHOOLS BUDGET  
2018-19**

*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 2018-19 DSG.
- 1.2 To seek the support of the Forum to carry forward DSG resource to 2019-20.
- 1.3 To update the Forum on the finalisation of the 2018-19 Schools Budget.

**2. Summary**

- 2.1 This paper gives details of the final DSG for 2018-19 and how this compares to what was budgeted. It also outlines the final Schools Budget for 2018-19 and the proposed carry forward of DSG to 2019-20.

**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 2019-20. The total carry forward to 2019-20 would therefore be £16.922m, comprising £196k of 2018-19 DSG and £16,726k of carry forward DSG from 2017-18 (net of the retrospective 2017-18 early years DSG clawback).

## 4. Background

4.1 In July the DfE announced the final DSG for 2018-19. This included changes to the early years and high needs blocks. There were no changes to the schools and central schools services blocks, which are based on pupil numbers from the October 2018 count and were therefore finalised last December (except for the regular adjustments to the schools block which are made in respect of academies' recoupment). The high needs block was also largely finalised in December, except for two elements for which the final figures have now been announced. These are:

- the adjustment for the net of imports and exports of high needs pupils between local authority areas. This has now been recalculated based on data from the January 2018 census.
- the deduction for high need places in academies, free schools and colleges. This has now been updated for place changes.

The early years block has been completely updated to take account of the January 2018 pupil count.

4.2 Also announced in July was the retrospective adjustment to the 2017-18 early years DSG (based on the January 2018 pupil count). Due to its late notification, this adjustment is being accounted for in 2018-19 and is covered in section 5.3 of this paper.

## 5. Dedicated Schools Grant (DSG) 2018-19

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.

<b>Pupil Numbers</b>	<b>Final DSG</b>	<b>Budget</b>
<b>Schools Block</b>		
Primary (FTE)	100,049	100,049
Secondary (FTE)	66,030	66,030
<b>Early Years block -3 and 4 year olds</b>		
Universal Entitlement (PTE)	18,960	18,900
Additional Hours (PTE)	6,049	5,800
Early Years block -2 year olds (PTE)	2,059	2,197
<b>Dedicated Schools Grant (£m)</b>	<b>Final DSG (£m)</b>	<b>Budget (£m)</b>
<b>Schools Block</b>		
Primary	386.937	386.937
Secondary	335.181	335.181
Premises and Growth	17.191	17.191
<b>Central School Services Block</b>	5.753	5.753
<b>Early Years Block</b>		
3 and 4 year olds Universal Entitlement	58.144	57.959
3 and 4 year olds Additional Hours	18.549	17.786

2 year olds	6.585	7.027
Pupil Premium	0.659	0.598
Disability Access Fund	0.227	0.227
Nursery Schools Supplementary Funding	1.780	1.873
<b>High Needs Block</b>	107.948	107.790
<b>Total</b>	938.954	938.322
Deduction to high needs block for direct funding of places by the EFA	(9.671)	(9.709)
<b>DSG after deductions to high needs block</b>	<b>929.283</b>	<b>928.613</b>
Primary and secondary academies recoupment	(339.839)	
<b>DSG after recoupment deductions</b>	<b>589.444</b>	

In practice the DSG will continually reduce during 2018-19 as more schools convert to academy status. In addition, there will be retrospective adjustments to the 2018-19 early years' DSG when the January 2019 early years' pupil numbers are known.

5.2 Thus, excluding recoupment deductions for primary and secondary academies, the final DSG is £670k more than originally budgeted. The reasons for this difference are as follows:

#### 5.2.1 Early Years block

- a) 3 and 4 year olds universal entitlement – an increase of £185k due to a slightly higher part time equivalent (PTE) number of 3 and 4 year olds in provision in January 2018 than estimated.
- b) 3 and 4 year olds additional hours – an increase of £763k, due to a higher number of PTE 3 and 4 year olds taking additional hours in January 2018 than estimated.
- c) Early Years DSG re 2 year olds – a reduction of £442k because there were fewer PTE 2 year olds in provision in January 2018 than estimated.
- d) Early Years Pupil Premium – an increase of £61k due to more eligible pupils than estimated.
- e) Nursery schools supplementary funding – a reduction of £93k due to lower pupil numbers

#### 5.2.2 High Needs block

- f) Import/export adjustment – an increase of £158k due to updating the calculation for January 2018 data.
- g) Deduction for direct funding of places by the EFA – an increase in DSG of £38k due to a lower deduction than budgeted in respect of pupils in Alternative Provision Free Schools.

- 5.3 It is proposed to adjust the 2018-19 early years' budgets by the difference between the actual and estimated early years DSG, in order to update the budget for the changes in PTE pupil numbers. This amounts to a net increase in early years budgets of £474k.

It is proposed to carry forward to 2019-20 the increase in 2018-19 high needs DSG of £196k.

- 5.4 **Adjustments to Early Years DSG for 2017-18.**  
The retrospective adjustment to the 2017-18 early years DSG was also announced in July by the DfE. This reflects the change in early years' pupil numbers between January 2017 and January 2018 and comprises a reduction in DSG of £787k. This reduction would have been slightly larger but the DfE has decided not to adjust the allocation for the Disability Access Fund due to the unreliability of the census data. In view of the late announcement of this adjustment, it is being accounted for in 2018-19. Had this adjustment been announced earlier and accounted for in 2017-18, it would have reduced the DSG carry forward at 31/03/2018. It is therefore intended to offset the retrospective adjustment to early years DSG against the overall DSG carry forward.

- 5.5 **Late approval of MFG exception**  
The MFG exception for 2018-19 in respect of the protection funding at Samuel Ryder academy was only approved the day before the Authority Pro-forma Tool had to be submitted, due to a backlog in processing dis-applications at the DfE. Given the timescale, it was not practical to recycle the £270k saving released by the MFG exception back into budget shares and therefore the 2018-19 Schools Budget has been reduced by £270k. This also reduces by £270k the amount of carry forward DSG required to support the Schools Budget in 2018-19.

## **6. Carry Forward of DSG from 2017-18**

- 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 2017-18 are now finalised. The carry forward at 31/03/2018, including the 2017-18 underspend on central expenditure, was £23.334m (The report to the June meeting of Forum gave the breakdown of the 2017-18 under spend). Some of this carry forward amount is being used during 2018-19 and £0.8m of the carry forward will be offset against the retrospective reduction in the early years DSG for 2017-18.

<b>Analysis of DSG carry forward from 2017-18</b>	<b>£m</b>
Carry forward at 31/03/2018	23.334
Use of carry forward during 2018-19 as originally budgeted	(6.091)
Saving from MFG exception re Samuel Ryder	0.270
Retrospective early years DSG adjustment for 2017-18	(0.787)
Remaining balance of carry forward from 2017-18	16.726

6.3 It is intended that the balance of the DSG carry forward of £16.726 should be carried forward to support the Schools Budget in 2019-20.

6.4 As reported to the June meeting of the Forum, some expenditure originally expected to have been incurred in 2017-18 has slipped into 2018-19. This slippage is as follows:

#### **Slippage**

Special Schools Capital	£1.220m
Disapplication	<u>£2.361m</u>
Total	£3.581m
Carry forward of contingency fund for primary schools	<u>£0.339m</u>
Total including primary contingency carry forward	£3.920m

This expenditure will be reported in the 2018-19 monitor.

## **7. Schools Budget**

7.1 The Authority's Schools Budget for 2018-19 was as follows:

	<b>DSG Funded £m</b>	<b>Sixth form grant funded £m</b>	<b>Total £m</b>
Original grant estimate	<b>938.322</b>	<b>12.481</b>	<b>950.803</b>
Post 16 high needs places in special schools	(1.416)	1.416	0
Schools Budget (excluding carry forwards)	<b>936.906</b>	<b>13.897</b>	<b>950.803</b>
Use of carry forward	6.091		6.091
Original Schools Budget (including carry forward)	<b>942.997</b>	<b>13.897</b>	<b>956.894</b>
Saving re MFG exception at Samuel Ryder	(0.270)		(0.270)
Schools Budget as per 2018-19 Section 251 budget statement	<b>942.727</b>	<b>13.897</b>	<b>956.624</b>

It is proposed to amend this as follows:

Change in the early years budget	0.474		0.474
Revised Schools Budget	<b>943.201</b>	<b>13.897</b>	<b>957.098</b>

## **8. Conclusion**

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