

HERTFORDSHIRE COUNTY COUNCIL SCHOOLS FORUM

18 September 2019

AGENDA ITEM

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FINAL DEDICATED SCHOOLS GRANT AND UPDATED SCHOOLS BUDGET 2019-2020

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 2019-20 DSG.
- 1.2 To seek the support of the Forum to carry forward DSG resource to 2020-21.
- 1.3 To update the Forum on the finalisation of the 2019-20 Schools budget.

2. Summary

- 2.1 This paper gives details of the final DSG for 2019-20 and how this compares to what was budgeted. It also outlines the final Schools Budget for 2019-20 and the proposed carry forward of DSG to 2020-21.

3. Recommendations

3.1.1 The Forum is asked to:

- i) Note the changes in DSG and in the Schools Budget since January.
- ii) Support the carry forward of the remaining DSG resources to 2020-21. The total carry forward to 2020-21 would therefore be £14.687m. This comprises:
 - a) £14.653m of carry forward DSG from 2018-19 (including the additional resource from the retrospective adjustment to the 2018-19 early years DSG),
 - b) £0.034m net additional resource from the changes made to the high needs block in 2019-20 (including the prior year adjustment).

4. Background

4.1 2019-20 DSG

In July the DfE announced the final DSG for 2019-20. 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.)

Although the high needs block was also largely finalised in December, the final figures for two elements of this block have now been announced. These are:

- The adjustment for the net of imports and exports of high needs pupils between local authority areas -this adjustment has now been recalculated based on data from the January 2019 census.
- The deduction to DSG for high need places in academies, free schools and colleges- this has been updated for place changes, as well as a correction to the deduction made in 2018-19.

The early years block has been completely updated to take account of the January 2019 pupil count.

4.2 Retrospective adjustments to the DSG

Also announced in July was the retrospective adjustment to the 2018-19 early years DSG (based on the January 2019 pupil count). Due to its late notification, this adjustment is being accounted for in 2019-20 and is covered in section 5.4 of this paper.

5. Dedicated Schools Grant 2019-20

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 figure.

Pupil Numbers	Final DSG	Budget
Schools Block/Central School Services Block		
• Primary (FTE)	100,015	100,015
• Secondary (FTE)	67,694	67,694
Early Years block - 3 and 4 year olds		
• Universal Entitlement (PTE)	19,332	18,609
• Additional Hours (PTE)	6,901	6,400
Early Years block - 2 year olds (PTE)	2,197	2,059

Dedicated Schools Grant	Final DSG (£m)	Budget (£m)
Schools Block		
• Primary	391.256	391.256
• Secondary	344.523	344.523
• Premises and Mobility	11.126	11.126
• Growth	5.806	5.806
Sub total Schools Block	752.711	752.711
Central School Services Block	5.727	5.727
Early Years Block		
• 3 and 4 year olds Universal Entitlement	59.284	57.067
• 3 and 4 year olds Additional Hours	21.163	19.626
• 2 year olds	7.026	6.585
• Pupil Premium	0.691	0.659
• Disability Access Fund	0.236	0.236
• Nursery Schools Supplementary Funding	1.769	1.764
Sub total Early Years Block	90.169	85.937
High Needs Block	115.016	114.677
Total	963.623	959.052
Deduction to high needs block for direct funding of places by the ESFA		
• academies and colleges	(9.216)	(8.607)
• post 16 places in special schools	(0.472)	(0.472)
• refund of 2018-19 deduction re Barnfield College	0.304	
DSG after deductions to high needs block	954.239	949.973
Primary and secondary academies recoupment	(372.820)	
DSG after recoupment deductions	581.419	

In practice the DSG will continually reduce during 2019-20 as more schools convert to academy status. In addition, there will be retrospective adjustments to the 2019-20 early years' DSG when the January 2020 early years' pupil numbers are known.

5.2 Thus, excluding recoupment deductions for primary and secondary academies, the final DSG is £4.266m more than originally budgeted. This variation divides between the early years and high needs blocks as outlined below.

5.2.1 Early Years block

The early years block allocation has increased by £4.232m, made up of the following changes:

- a) 3 and 4 year olds universal entitlement – an increase of £2.217m due to a higher part time equivalent (PTE) number of 3 and 4 year olds in provision in the January 2019 census count than originally estimated.
- b) 3 and 4 year olds additional hours – an increase of £1.537m, due to a considerably higher number of PTE 3 and 4 year olds taking additional hours in the January 2019 census count compared to the original estimate.
- c) Early Years DSG re 2 year olds – an increase of £441k because there were more PTE 2 year olds in the January 2019 census count than estimated.
- d) Early Years Pupil Premium – an increase of £32k due to more eligible pupils than estimated.
- e) Nursery schools supplementary funding – an increase of £5k due to higher pupil numbers

5.2.2 High Needs block

Including the deduction to DSG for direct funding of places by the ESFA, the high needs block has increased by £34k, made up of the following changes:

- f) Import/export adjustment – an increase of £339k. This comprises an additional £636k of DSG in respect of Barnfield College, Luton, following its incorporation into West Herts College (see note below), which is partly offset by a reduction in DSG due to an increase in “exports” i.e. Hertfordshire pupils placed in specialist provision in other local authority areas.
- g) Deduction to the high needs block for direct funding of places by the EFA – Overall this results in a reduction in DSG of £305k. The 2019-20 deduction for academies and colleges has increased by £609k mainly due to the inclusion in the deduction of the high needs places at Barnfield College Luton. This is partly offset by a refund of DSG for 2018-19 of £304k (see note below).

Note on Barnfield College, Luton

Barnfield College, Luton, became part of West Herts College in Autumn 2018. As a result of the merger, the DfE recouped the £304k funding for high needs places at Barnfield College, for the period September 2018 to March 2019, from Hertfordshire’s 2018-19 DSG. The Authority has challenged this deduction, on the basis that Barnfield College was not counted as part of a Hertfordshire based institution in the calculation of the import/export adjustment for 2018-19. The DfE has now agreed to refund the money in 2019-20.

For 2019-20 the high needs places at Barnfield College have been counted as Hertfordshire College places in both the import/export adjustment and the deduction for directly funded high needs places. The additional resource provided for Barnfield through the import/export adjustment largely matches the increase in the deduction.

Going forward to 2020-21 the high needs places at Barnfield College will be treated as part of the overall West Herts College provision and will be included in Hertfordshire's high needs budget figures.

5.3 Allocation of the additional DSG

It is proposed to use the additional early years DSG to increase the 2019-20 early years' budgets, in order to update the budget for the changes in PTE pupil numbers. (This amounts to a net increase in early years budgets of £4.232m.)

On high needs, it is proposed that the £34k additional DSG would be carried forward to 2020-21.

5.4 Adjustment to Early Years DSG for 2018-19

The retrospective adjustment to the 2018-19 early years DSG was also announced in July by the DfE. This reflects the change in early years' pupil numbers between January 2018 and January 2019 and comprises an increase in DSG of £2.487m mainly due to an increase in the number of 3 and 4 year olds taking additional hours. This increase would have been slightly less but the DfE has not adjusted the allocation for the Disability Access Fund. In view of the late announcement of the early years DSG adjustment, it is being accounted for in 2019-20. Had this adjustment been announced earlier and accounted for in 2018-19, it would have formed part of the DSG carry forward at 31/03/2019. It is therefore intended to add the retrospective adjustment to early years DSG to the overall DSG carry forward.

6. **Carry Forward of DSG from 2018-19**

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 2018-19 are now finalised. The carry forward at 31/03/2019, including the 2018-19 underspend on central expenditure, was £21.666m (The report to the June meeting of Forum gave the breakdown of the 2018-19 outturn.) Some of this carry forward amount is being used during 2019-20, as set out in the table below.

<u>Analysis of DSG carry forward from 2018-19</u>	£m	£m
Carry forward at 31/03/2019		21.666
Use of carry forward during 2019-20		
• As originally budgeted in January 2019	(6.000)	
• Additional high needs DSG received in 2018-19	(2.862)	
• Integration Team	(0.069)	
• Herts Grid for Learning	(0.080)	
Sub total – use of carry forward as per S251 budget statement	(9.011)	
• Early Years Transition Project during 2019-20	(0.360)	
• Appeals	(0.089)	

<u>Analysis of DSG carry forward from 2018-19</u>	£m	£m
• De delegated funding to use for Herts Grid for Learning	(0.040)	
Total use of carry forward during 2019-20		(9.500)
Retrospective early years DSG adjustment for 2018-19		2.487
Remaining balance of carry forward from 2018-19		14.653

6.3 It is intended that the balance of the DSG carry forward of £14.653m should be carried forward to support the Schools budget in 2020-21 and future years.

6.4 A further point to note is that two commitments already exist for the use of some of this carry forward in future years. These are:

<u>Use of carry forward in 2020-21 and future years already agreed</u>	£m
Early Years Transition Project during 2020-21 and 2021-22	0.600
Remainder of underspend on de-delegated budgets from 2018-2019	0.248
Total	0.848

7. Schools Budget

7.1 The Authority's Schools Budget for 2019-20 was as follows:

	DSG Funded £m	Sixth form grant funded £m	Total £m
Original grant estimate	959.052	10.947	969.999
Original use of carry forward	6.000		6.000
Original Schools budget (including carry forward)	965.052	10.947	975.999
Additional use of carry forward for High Needs, Integration Team and HGfL	3.011		3.011
Schools budget as per 2019-20 Section 251 budget statement	968.063	10.947	979.010
Further use of carry forward for Early Years Transition Project, Appeals and HGfL	0.489		0.489
Post 16 high needs places in special schools (Summer Term 2019)	(0.472)	0.472	0.000
Schools Budget (including additional items)	968.080	11.419	979.499

7.2 It is proposed to amend this as follows:

Change in early years budget	4.232		4.232
Revised Schools Budget	972.312	11.419	983.731

8. Conclusion

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