

MUNICIPAL YEAR 2017/2018 REPORT NO. 8

MEETING TITLE AND DATE:

Education Resources Group 12 September 2017
Schools Forum 20 September 2017

REPORT OF:

Director of Finance, Resources & Customer Services

Contact officer and telephone number:

Louise McNamara 020 8379 4720

E mail: louise.mcnamara@enfield.gov.uk

Part: 1

Item:4b

**Subject: Schools Budget -
2017/18 Monitoring Update**

1. EXECUTIVE SUMMARY

1.1. This report provides an update of the DSG budget monitoring position for 2017/18, including confirmation of the final DSG allocation for 2017/18.

2. RECOMMENDATIONS

2.1 To note the contents of the report.

3. ACCUMULATED DSG CARRIED FORWARD

3.1 The DSG Outturn position for 2016/17 was reported at the last meeting. Table 1 details the final position as at 31 March 2017.

Table 1 – DSG Carry Forward 2016/17

	£'000s
Balance brought forward 1 April 2016	1,204
Contingency 2016/17	1,103
Total Contingency Available 2016/17	2,307
2016/17 overspend	-5,503
Total 2017/18 Carry Forward	-3,196
Earmarked carry forwards:	
SEN Review Grant	-163
NET DSG Deficit c/f 31 March 2017	-3,360

3.2 In the budget setting process for 2017/18, the 2016/17 overspend had been estimated at £1.457m so the £1.903m increase in final position will be an overspend against the 2017/18 allocation.

4. 2017/18 MONITORING POSITION

4.1 DSG 2017/18

At the March 2017 Schools Forum meeting, it was reported that the estimated final DSG settlement for 2017/8 was **£319.087m**. This was based on the DSG allocation issued by the Education Funding Agency (EFA) in December 2016. In addition to the DSG funding, £1.556m was also be provided by the EFA to fund

post 16 pupils in special schools which brings the total resources available for 2017/18 to **£320.643m**. At this stage, the Early Year Block element of the allocation was based on the January 2016 census for 2 year olds and 3&4 year olds.

In July 2017, the final DSG allocation for 2017/8 was announced and this is shown in Table 2 below.

Table 2 - Summary of Funding and Draft Budgets by Funding Block

2017/18 DSG (Updated July 2017)	Dec-16	July-17	Variance
	£000	£000	£000
Schools Block	254,467	254,467	0
Early Years Block 3&4 Year Olds – Jan 16/Jan 17	16,846	16,175	-671
Early Years Block 30 hours	2,881	2,881	0
Early Years Block 2 Year Olds – Jan 16/Jan 17	4,765	4,042	-723
Early Years Block TOTAL	24,492	23,098	-1,394
High Needs Block	39,959	39,881	-78
Early Years Pupil Premium	169	251	82
Revised DSG 2017/18	319,087	317,697	-1,390
EFA Funding for post 16 special school pupils (tbc)	1,556	1,634	78
Total DSG 2017/18 plus EFA Allocation	320,643	319,331	-1,312
Clawback of 2016/17 EY Funding		-652	-652
NET DSG 2017/18 plus EFA Allocation	320,643	318,679	-1,964

4.2 Early Year Block

The reduction in Early Years Block funding represents a reduction in numbers of 2 year olds and 3 and 4 year olds in early year's provision between January 2016 and January 2017. Officers in the Early Years Team are working on revising the projected expenditure for 2017/18 to reflect the lower number of pupils and it is anticipated that the reduction in DSG income will be offset by a similar reduction in projected expenditure.

In addition to the Early Years adjustment for 2017/18, the DfE have also reduced the DSG allocation for 2016/17 for the autumn and spring terms to reflect Jan 2017 pupil numbers. This adjustment has resulted in a funding clawback of £652k which will be deducted from the 2017/18 DSG allocation. For 2016/17 Outturn Report, the Early Years budget had shown an underspend of £787k to reflect the lower take up for this provision, so the corresponding reduction in expenditure has already been accounted for in 16/17. The reduction in numbers in early year's settings and corresponding reductions in funding is reflected across London.

The Table in 5.2 below summarises the latest position regarding Early Years funding and expenditure for 2017-18.

4.3 Early Years Pupil Premium

The Early Years Pupil Premium (EYPP) budget for 2017/18 has been increased to reflect increased levels of eligibility in 2016/17. This funding is ring-fenced and any underspend will be recouped by the EFA.

4.4 Academies Recoupment

The 2017/18 DSG allocation has also been reduced by £76.438m to reflect the recoupment for all academies as at 01 April 2017. A further adjustment is expected later in the year to reflect the schools converting to academy status during the autumn term. This adjustment has a nil effect on the overall the school's budget position as a reduction in income is matched by a reduction in expenditure.

5. 2017/18 Schools Budget Monitor

Appendix A details the DSG budget monitoring position as at the end of July 2017.

5.1 Schools Block

There are projected underspends in the Schools Block. These relate to the Growth Fund, where the additional classes required for the 1718 academic year are lower than expected, and rates where there will be reduced demand on the DSG for schools converting to academy status as they will be entitled to 80% charitable relief.

5.2 Early Years

The pupil numbers for both 2 year olds and 3 and 4 year olds are lower than estimated in the original budget for 2017-18 which has reduced both income and expenditure. Current projections indicate an almost breakeven position but this will be monitored closely during the autumn and spring terms to pick up any variations in numbers.

Table 3 – Summary of Early Years Funding and Projected Expenditure 17-18

Early Years Funding 2017-18	Orig. DSG Alloc	Orig Exp	Rev DSG Alloc	Rev Exp	NET
	£000	£000	£000	£000	£000
2 Year Olds	-4,765	4,765	-4,042	3,994	-48
3&4 Year Olds	-16,846	16,773	-16,176	16,194	18
NET Total	21,611	-21,538	-20,218	-20,188	30
30 Hours	-2,881	2,880	-2,880	1,338	-1,542
TOTAL 1718	-24,492	24,492	-23,098	21,526	-1,572
1617 Clawback	0	0	652	0	652
NET - 30 Hours Underspend retained by LA	-24,492	24,492	22,446	21,526	-920
NET - 30 Hours Underspend reclaimed by EFA					682

It is not clear from the guidance and information provided by the EFA to the treatment of any unspent funding. Officers are seeking clarity on this. At this stage, it is anticipated that funding will not be fully utilised for 201718. It is reported that interest in this provision is increasing and changes in take up will be closely monitored. If it is confirmed that unspent funding can be retained, then this will cover the small projected overspend of £30k and the 201617 clawback. If the underspend is reclaimed by the EFA, the net variance of £682k will be an additional DSG overspend for 2017-18.

5.3 High Needs

The current projected overspends in High Needs mainly relate to:

- out-borough placements where there continues to be an increase in the number of pupils placed in out-borough provision and in the costs of these placements and the additional support required by pupils. The projections allow 10% contingency to make some provision for new placements.
- Exceptional needs allocations are expected to exceed budget provision due to the allocation of the Transition Fund and projected increases in EHCPs and associated funding over the next 2 terms.

Additional in borough provision will be available from September 2017 comprising 30 additional places at West Lea School and a new ARP managed by Durants at Winchmore School. Further developments are planned from January 2018 and an update on these initiatives will be provided as part of the Strategic Plan for High Needs provision (see report elsewhere on the agenda).

6 DSG Outturn Position

Based on the latest monitoring position and the ongoing and additional pressures identified above, the 2017/18 DSG allocation is anticipated to be significantly overspent by the end of the financial year. As previously reported, the school funding regulations governing the DSG Conditions of Grant would apply and any deficit in would be the first call on the 2018/19 DSG budget and this would need to be agreed by Schools Forum.

The 2017/18 budget will be monitored closely for the remainder of the financial year monthly and updates will be provided to the Forum at future meetings.