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Report title:	Dedicated Schools Grant Provisional Outturn 2016-17	
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Executive Summary

This report sets out the provisional outturn of the Dedicated Schools Grant (DSG) 2016-17 which includes the year-end position of the carry forward to 2017-18 (the DSG reserve).

Schools Forum Actions

The Schools Forum is asked to note the:

- DSG provisional outturn for 2016-17 and the DSG reserve as at 31 March 2017
- That the reported financial position is still subject to external audit

1. DSG 2016-17 and DSG Reserve Outturn

- 1.1 Members will recall that the Local Authority (LA) reported to the March 2017 Schools Forum that the DSG was forecasting a £4.1m overspend position on the DSG overall. (The relevant extract A from the report is attached as Appendix1). There was a plan to use DSG reserves of £4.1m originally set out at the July 2016 meeting of Schools Forum and the balance of the £10.2m reserve (extract B in Appendix 1), as at 1 April 2016, was largely held as a general and high needs contingency for any in year overspending. Extract C of Appendix 1 gives the then summary position.

The provisional outturn position on the DSG overall, which is subject to external audit, shows a £4.9m overspend.

- 1.2 The key movements between the March forecast and the outturn position flowed from increased pressures on post 16 high needs. As we noted in our 23 March 2017 report, there were risks associated with financial forecasting high needs due to demand issues.
- 1.3 Due to the in-year overspend and planned use of reserves, the balance on the DSG reserve is as at 31 March 2017 now £1.2m. Of that balance, part is earmarked (£0.7m) to provide support to the Council run day nurseries until changes are made to provision as planned so as to ensure sustainability and full elimination of DSG subsidy by the end of 2017-18. The remaining balance on the reserve of £0.5m will be held as a contingency for any in year pressures/grant changes.
- 1.4 The lack of funding for post 16 SEN (no additional funding flowed from an increase in the SEN age range to 25) is a well known issue and we note that the promised consultation on post 16 has

been further delayed due to the election. This is creating an unfunded structural pressure on the high needs block budget over time as more children enter that phase and as the cohort itself grows over time.

- 1.5 Because of the adverse movement between the forecast position in March 2017 and the outturn position there is a much lower reserve than had been planned for. The impact of this is that there is a shortfall in the funding of the team to convert EHCPs to statements for 2017-18 by £0.7m. The Authority is working up a plan to address this funding shortfall.
- 1.6 The ongoing impacts of the 2016-17 outturn position are considered in the reports that follow on the individual blocks of the DSG.

Appendix 1

*Extracts from March 2017 Schools Forum Report (Item 5)***EXTRACT A**

2016-17	Initial Allocation	Revised Allocation (01/02/2017)	Forecast Over/ (Underspends)
	£m	£m	£m
<i>Schools Block</i>	128.13	124.6	1.5
<i>High Needs Block</i>	37.15	37.12	2.9
<i>Early Years Block</i>	27.22	27.56	(0.3)
Total	192.50	189.24	4.1

EXTRACT B

Held as follows:	Balance	Committed	Uncommitted As at 1/03/17	Comments On future years
	£000	£000	£000	
Children's and Families Act EHCP conversions	1,300	600	700	£700k Will be needed future years (though linked to SEND grant)
SEN interim support for pupils in mainstream schools	360	360	0	Not required – if it will need to come from high needs block.
Summerhouse capacity increase	70	70	0	Not required - £200k extra in budget 17-18.
SILS 3 multi-disciplinary approach	70	70	0	Consider with top up review
Cherry Gardens outreach support	50	50	0	Consider with top up review
SILS increased capacity and quality	200	200	0	Consider with top up review
High needs contingency	3,500	0	3,500	Uncommitted

Held as follows:	Balance £000	Committed £000	Uncommitted As at 1/03/17 £000	Comments On future years
Two year old funds	2,100	380	1,720	Will need £700k 17-18 at least (see EYNFF report)
DSG contingency	<u>2,522</u>	<u>2,346</u>	<u>176</u>	£1.9m was committed in supporting ISB
Total Funds held in reserve	<u>10,172</u>	<u>4,076</u>	<u>6,096</u>	<u>£1.4m committed in 17-18.</u>

EXTRACT C

9. *In summary at the year end after addressing the £4.1m pressure on the DSG, as set out in the paragraph (above) there will be £6.1m of uncommitted reserves available at year end. This would leave £2m of DSG reserve to carry forward to the new financial year. Commitments on the reserve in 2017-18 could be at least £1.4m, leaving an uncommitted balance of £0.6m on the DSG reserve in 2017-18. There may be some scope to increase this by using more SEND reform grant to fund the conversion of EHCPs in 2017-18 (this is presently being reviewed). It is our recommendation that the remaining reserve is uncommitted and held in contingency to manage any in year changes to grant in 2017-18.*