

5. DEDICATED SCHOOLS GRANT 2018/19 BUDGET MONITORING REPORT

January 2019



The Council receives funding for schools through the Dedicated Schools Grant. The grant funds expenditure either directly through the Individual Schools Budget (ISB) or incurred by the Council on behalf of schools. Any over or underspends on the DSG are carried forward. The distribution of the ISB element of the grant is in accordance with the schools funding formula and the overall DSG has to be approved by the Schools Forum.

2018/19 DSG Budget

	£m
DSG Allocation – Jan 2019 Notification	199.678
Made up of:	
Schools Block	149.550
Central Services Block	3.679
High Needs Block	29.826
Early Years Block	16.623

Plymouth have received additional High Needs funding of £0.550m.

	£m
DSG Allocation	199.678
Deductions:	
Retained ESG	(0.564)
Academies recoupment	(122.055)
High Needs deductions	(6.720)
Additional Post 16 income	0.390
DSG to allocate	70.729
Actually allocated 2018/19	70.179
Under allocation; additional funding received for High Needs Block, offset against budget	0.550

2018/19 Budget Monitoring

The current forecast is an overall underspend of £0.574m:

- Schools Block and Central Services Blocks - Ceasing historic commitment (£0.803m) and unspent growth funding (£0.153m).
- High Needs Block overspend £0.431m (as detailed in the High Needs Update)
- Early Years Block underspend £0.049m – note that this is offset by the July allocation increase to the EY Block of £0.141m, a net impact of -£0.190m.

The previously reported underspend was £0.241m.

The main changes since the last reported position are:

- Plymouth received £0.550m additional High Needs Block Funding, which has offset further increases in demand on High Needs Block funding.
- Reduction in forecast for Early Years Block expenditure related to demand.

The table below shows how the forecast underspend impacts on the remaining brought forward overspend.

Papers A and B give more detail regarding budget monitoring.

OVERSPEND RECONCILIATION

The table below demonstrates the impact of the current year forecast on the overspend balance.

DSG Balance Reconciliation (£m)	
Overspend brought forward (incl. final EHWP payment)	0.279
Over allocation 2018/19	0.000
Over/underspend 2018/19	(0.574)
Early Years 2017/18 DSG allocation adjustment	(0.142)
Commitment for retained ESG responsibilities	0.135
Managed Transfer balance forecast – 2018/19	(0.060)
Studio Schools funding – balance	(0.123)
Academy conversion rates relief balance	(0.116)
DSG balance remaining deficit/(surplus)	(0.601)

MAINTAINED SCHOOLS HEALTH CHECK

The financial stability of maintained schools is monitored using the budget monitoring returns and is RAG rated to highlight those schools whose financial position is cause for concern. There are currently 4 schools rated 'red' (concerned), 14 schools with some concerns and 11 with no concerns. Of the 4 schools rated 'red', 1 is being monitored under a licenced deficit agreement and the remaining 3 are being closely monitored. Where schools are recorded as showing some concerns this is mainly due to future budget forecasts showing a possible deficit.

Short Term Risks and Issues

Rating	Detail	Mitigation/Further Actions
Red	High Needs Continuing and growing pressures on the high needs block. Anticipated overspend in 2018/19 continues to grow.	Continuing the good governance initiated in 2017/18 for the High Needs budget. Implementing recommendations from BMG. Further BMG work.

Medium Term Financial Plan Risks and Issues

Rating	Detail	Mitigation/Further Actions
AMBER	The introduction of the 30 hours Early Years initiative has caused a great deal of uncertainty within the budget. It is unclear if LAs will be funded for specific groups of parents who have not been able to re-confirm their eligibility on the HMRC portal, with the HMRC giving conflicting advice to parents.	Plymouth are currently liaising with the DFE and HMRC to clarify the position. We have also notified settings and parents of the issue and the importance of re-confirming on the HMRC website before Plymouth's headcount deadline.