



Leicester
City Council

WARDS AFFECTED

All Wards
Schools Forum

13th June 2019

Outturn 2018/19 – Dedicated Schools Grant (DSG) & School Balances

Report of the Head of Finance, Education & Children's Services

1. Purpose of Report

1.1. To report the following:

- i) Overall DSG expenditure for 2018/19.
- ii) Individual school revenue balances for schools maintained by the City Council as at 31st March 2019 (the end of financial year 2018/19).

2. Recommendations

- 2.1 Schools Forum is recommended to note the report.

3. Report

Dedicated Schools Grant (DSG) Expenditure for 2018/19 and the DSG Budget for 2019/20

- 3.1. Total DSG expenditure exceeded the in-year allocation by £4.5m, which was funded as planned by DSG reserves. As a result the DSG reserve balance reduced from £12.7m at the beginning of the financial year 2018/19 to £8.2m at the end. There will be a further clawback of Early Year's funds from the reserve when the final allocation is calculated by the DfE in July. Details of expenditure versus allocation by block is included in Appendix 1.
- 3.2. The Growth Fund spend (excluding the new school, Avanti Fields) was £40k less than the amount set aside of £3.8m. The number of pupils supported is included in Appendix 2. Details of the de-delegated expenditure is included in Appendix 1 which shows an underspend of £97k. The balance of the remaining schools block overall underspend of £447k was mainly due to an overestimate of the funds needed to be set aside for Avanti Fields.
- 3.3. The most significant issue remains the £5.8m in-year shortfall of High Needs Block funding. This shortfall included two non-recurring items totalling £0.8m, being the children centre teachers and the final payment to the EIP Behaviour Partnership. The DfE provided additional funds of £886k in 18/19 in response to pressure building in the sector.

- 3.4 The most significant area of growth in the High Needs Block are the top ups paid to mainstream schools. These top ups pay for the following:
1. Pupils who stay in mainstream schools with an EHC plan where total additional costs exceed £6,000. Additional funding is based on a 3 band system (£2,272, £5,636 and £8,900).
 2. For pupils as above but who do not currently have a plan, schools can claim additional funding on the same banded system for up to one year.
 3. An additional payment to schools who are using more than 40% of their notional SEN budget for the high needs pupils included in categories (1) and (2).
- 3.5 This system was introduced in 2013/14 with a budget of £3.75m. From 2016/17 the expenditure has risen as follows:
- 2016/17 £5.5m with 894 high needs pupils in mainstream schools.
- 2017/18 £6.7m with 1,051 high needs pupils
- 2018/19 £8.3m with 1,215 high needs pupils.
- Average spend per pupil has also increased which indicates that more pupils are being assessed at the higher bands. It should be noted that the High Needs Block funding formula only provides £4k additional funding per special school placement. Increases in high needs pupils in the mainstream do not attract additional DSG funding.
- 3.6 The additional payments to schools who are using more than 40% of their notional SEN budget for banded high needs pupils has increased significantly over the period 2016/17 to 2018/19. When this was implemented (as a local discretionary payment) in 2013/14 this payment affected only 7 schools and was estimated to cost £223k. In 2018/19 the cost is more than ten times this amount at £2.6m with 52 schools being paid this top up.
- 3.7 The 40% threshold for this payment was essentially arbitrary – a range between 75% and 40% was proposed in 2013/14 and Forum agreed the lower percentage based on a relatively low additional cost at that time.
- 3.8 Whilst it remains the policy to provide SEN related top ups to mainstream schools the bandings and in particular the notional SEN budget additional payments are to be reviewed as part of the overall High Needs Block funding review which will include new proposals on a range of items, to be consulted upon later this year.
- 3.9 The funding deficit in the High Needs Block in 19/20 is expected to be similar to 18/19, ie at least £5m which will be funded by reserves. The Council will run out of these DSG reserves in 2020/21 and therefore it is imperative that the review of the High Needs Block services and associated expenditure is complete and implemented by April 2020. The review will need to have put in place a means by which recurrent expenditure is matched by the in-year funding allocation. Any unfunded deficits in excess of 1% of the total allocation before recoupment means the Council has to submit an action plan to be agreed by the DfE. This equates to a deficit of £3.25m using the 19/20 allocation.

- 3.10 There has been considerable press coverage of the cost pressures in the SEN sector and the government have recognised the issue. Ministers have indicated that it is unlikely there will be time given the current parliamentary timetable and Brexit to complete and implement a full spending review for April 2020. It is likely therefore that we will see further one off additional funding for 20/21 pending a more permanent resolution.
- 3.10 The Early Years block final allocation for 2018/19 will only be made available by the DfE in July and this will eliminate the underspend of £713k which is included in the DSG reserves.
- 3.11 The Central School Services Block had a small underspend of £113k

School Revenue Balances

- 3.12 Total School Revenue Balances in Leicester as at 31st March 2019 were £15.28 million. This was an increase of £0.03m from balances at 31st March 2018. These figures are before the deduction of allowed exemptions and are referred to as the “headline” balances.
- 3.13 £3.0m in addition to the above £15.3m is held by the City Council on behalf of schools who have transferred revenue funds to a capital reserve for building or other capital projects in the future.
- 3.14 Within the £15.3m overall balance, 63 had a surplus balance totalling £16.4m and 9 schools had a deficit balance totalling £1.1m. This compares to the position at March 2018 when balances totalled £15.3m and 64 schools had surplus balances totalling £16.8m and 18 schools had deficit balances totalling £1.5m. Surplus balances have decreased slightly but the number of schools with deficit balances has decreased.

Publication and Reporting of the Balances

- 3.15 The DfE publish the total/headline balances annually at local authority and at school level on its website.

Detail of the Balances at 31st March 2019 and Potential for “Clawback”

- 3.16 In 2010 Schools Forum approved a School Balance Control Mechanism and under the current paragraphs on Control of Balances within the Scheme for Financing Schools, “Clawback” of balances at March 2019 could be applied where they are higher than 10% of the Normal Maximum Limit. Various items detailed below are excluded from this calculation and schools were asked to complete a return detailing any such exemptions - the result of this analysis is shown in the table on page 4. The exemptions are explained in more detail at Appendix 4 with a school by school list shown in Appendix 5. Twenty schools (excluding academies) had not submitted a return at the time of writing this report and so the table makes the assumption that these school balances are uncommitted. Six schools are showing as having an uncommitted balance over the 10% threshold; however three of these are ‘non-return’ schools where the uncommitted assumption has taken place.
- 3.18 It can be seen that the total “headline” balances are £15.28m. The allowed exemptions reported by schools total £7.24m, leaving net uncommitted balances of £8.04m.

	Primary £000	Special £000	Secondary £000	Total £000		2017/18 Comparative Information £000
Total “Headline” Balance at March 2019	8,590	836	5,850	15,276		15,251
Unspent Funds from the LA and other bodies	101	0	421	522		329
Revenue funding of Capital Projects	146	0	251	397		970
BSF/Capital Contingency	471	0	150	621		687
Planning for Uncertainty	994	343	2,180	3,517		2,358
Committed or Planned Spending	1,454	0	729	2,183		3,897
Total of Exemptions	3,166	343	3,731	7,240		8,240
Total Balances after Exemptions	5,424	493	2,119	8,036		7,011

Of the £8.0m balances after exemptions, £0.3m* (excluding academy conversions on 1/4/19) exceeds the 10% thresholds at individual school level and would therefore be available for clawback if clawbacks were to be enforced.

*Pending the carry forward analysis returns of 3 schools holding a surplus balance over 10% of their allocation.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial Implications

The financial implications are included in the body of the report.

Legal Implications

There are no direct legal implications arising from this report.

Climate Change Implications

There are no direct climate change implications arising from this report.

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

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APPENDIX 1 – DSG Out-turn 2018/19

2018/19 DSG OUT-TURN SUMMARY				
£'000				
Schools Block				
Schools block allocation	(240,635)			
Less final recoupment for academies	77,302			
Distribution to mainstream schools and de-delegated funding	162,886			
Total under-spend on schools block	(447)			
De-delegated items				
Area	Actual	Budget allocation	Actual DSG de-delegated	Variance
Schools in financial difficulty	260	410	372	(112)
Schools facing exceptional cost pressures	400	507	460	(60)
LESP*	460	483	443	16
SEMH team (including council overheads)	852	867	814	37
Traveller education	65	79	73	(8)
Whatever it takes	170	179	170	0
Primary school improvement	408	418	396	12
Free school meal eligibility	27	33	30	(3)
Centrally funded supply and union duties	180	180	164	16
Licences/Subscriptions	13	12	10	3
Academic Coaching	30	30	29	1
Total de-delegated items	2,864	3,198	2,961	(97)
Final allocation	(2,961)			
Final de-delegated underspend	(97)			
*LESP				
Funds brought forward 1 April 2018	936,171			
Expenditure				
Repayments to secondary schools	(143,058)			
Other payments	(647,310)			
Funding in year	459,726			
Funds carried forward 31 March 2019	605,529			
Growth fund costs (excluding Avanti)				
Allocation	3,736			
Growth Fund under-spend	(3,776)			
Growth Fund under-spend	(40)			

2018/19 DSG OUT-TURN SUMMARY		
£'000		
High Needs Block		2017/18
Special School Places & Top Ups	25,738	24,595
Mainstream top ups	8,249	6,177
DSP Places & Top ups	431	536
Primary PRU	1,045	3,221
Secondary PRU	2,199	
Independent / Non-Maintained placements	5,620	4,453
FE Colleges	806	575
Independent specialist provision post 16	728	570
SEN Transport (allowable charge to DSG only)	360	360
Direct/External Costs	45,176	40,487
Special Needs Teaching Service (SNTS)	3,411	3,483
Virtual School (RALAC)	407	319
Non statutory Psychology Service	528	528
Anti-Bullying service (SDSA)	30	29
Parent partnership advice service (VAL)	118	105
Specialist equipment	82	57
Support for young carers	40	30
Children Missing Education	25	25
Council overheads	946	1,031
Indirect/Council provided support costs	5,587	5,607
Total direct and indirect costs	50,763	46,094
Less Allocation	(45,808)	(44,385)
Overspend	4,955	1,709
Additional non- recurring costs:		
Children's centre teachers	720	
EIP Behaviour Partnership	100	
Final High Needs Block overspend	5,775	

2018/19 DSG OUT-TURN SUMMARY		
£'000		
Early Years Block		
3-4 year old universal entitlement PVI	8,982	
3-4 year old universal entitlement schools	5,733	
3-4 year old additional entitlement PVI & schools	2,650	
2 year old entitlement	3,957	
Early years pupil premium and Disadvantage Funding	209	
SEN payments	905	
Audit/admin	47	
PVI workforce development	80	
Early Education development team	138	
Early years 17/18 clawback	514	
Total costs	23,215	
Allocation (to be revised in July 2019)	(23,928)	
Early Years underspend (to be clawed back)	(713)	
Central services block		
PRC	149	
Admissions plus overheads	538	
Appeals	10	
Education Functions	829	
Copyright licenses	229	
Schools Forum	2	
Total costs	1,757	
Allocation	(1,872)	
Central services block underspend	(115)	
DSG Reserves brought forward		12,710
High Needs Block	(5,775)	
Early Years Block	713	
Central Services Block	115	
Schools Block	447	
		(4,500)
DSG Reserves carried forward		<u>8,210</u>

Appendix 2

2018/19 Growth Fund

	Amount (£)	18/19 places	Average funding rate per pupil (£)
Primaries	728,457	485	1,502
Secondaries	3,007,606	1,828	1,645
Total	3,736,063	2,313	1,615

Appendix 3

School Budget & Carry forward 2018-19						
School	Budget 18-19	C-fwd March 2018	C-fwd March 2019	↑ = in-year surplus ↓ = in-year deficit	cfwd as % of Budget	
Abbey Primary Community School	2,550,684	-63,973	-38,832	↑	-1.5%	
Avenue Primary School	1,910,175	-97,378	-61,762	↑	-3.2%	
Alderman Richard Hallam Primary	2,926,985	-101,238	-54,264	↑	-1.9%	
Barley Croft Primary	1,645,954	230,839	166,720	↓	10.1%	
Belgrave St Peters C.E Primary	951,869	155,490	126,559	↓	13.3%	
Beaumont Lodge	988,663	4,563	87,154	↑	8.8%	
Braunstone Frith Primary	2,747,556	112,515	71,418	↓	2.6%	
Bridge Junior	1,416,331	82,937	151,855	↑	10.7%	
Buswells Lodge Primary	1,902,094	377,132	396,445	↑	20.8%	
Caldecote Primary	2,382,188	254,423	378,092	↑	15.9%	
Catherine Infants	1,486,159	-3,829	31,730	↑	2.1%	
Catherine Junior	2,008,075	182,064	220,336	↑	11.0%	
Charnwood Primary	1,722,668	140,052	181,860	↑	10.6%	
Coleman Primary	2,390,740	314,500	408,292	↑	17.1%	
Dovelands Primary	1,903,443	225,699	246,289	↑	12.9%	
Evington Valley Primary	1,344,716	99,881	128,462	↑	9.6%	
Eyres Monsell Primary	1,439,194	204,510	120,749	↓	8.4%	
Folville Junior	1,511,872	55,371	26,883	↓	1.8%	
Fosse Primary	1,768,143	-27,924	3,926	↑	0.2%	
Granby Primary	1,767,656	114,762	165,029	↑	9.3%	
Green Lane Infants (academy 1 April 19)	1,320,102	147,652	111,167	↓	8.4%	
Glebelands Primary	1,100,099	34,560	119,076	↑	10.8%	
Kestrels Field Primary	2,058,601	224,050	260,138	↑	12.6%	
Hazel Primary & Community Centre	1,770,502	478,234	368,485	↓	20.8%	
Herrick Primary	1,467,740	47,742	72,367	↑	4.9%	
Sparkenhoe Primary (academy 1/04/19)	2,064,484	353,324	437,860	↑	21.2%	
Highfields Primary (academy 1/04/19)	1,486,406	140,785	106,489	↓	7.2%	
Imperial Avenue Infants	1,242,483	127,927	240,070	↑	19.3%	
Inglehurst Infants	1,124,469	70,925	64,351	↓	5.7%	
Inglehurst Junior	1,349,555	102,478	91,109	↓	6.8%	
King Richard III Infant & Nursery School	907,444	35,703	57,132	↑	6.3%	
Linden Primary	1,615,902	104,384	93,143	↓	5.8%	
Marriott Primary	1,939,143	282,280	334,715	↑	17.3%	
Mayflower Primary	1,659,674	83,009	107,915	↑	6.5%	
Medway Community Primary	2,352,415	166,855	26,858	↓	1.1%	
Mellor Community Primary	2,395,826	-16,597	76,518	↑	3.2%	
Merrydale Infants	1,373,557	86,059	88,653	↑	6.5%	

Montrose Primary	1,637,054	166,420	26,156	↓	1.6%
Parks Primary	2,003,213	197,490	204,533	↑	10.2%
Rushey Mead Primary	2,247,917	268,672	176,830	↓	7.9%
Rolleston Primary School	1,805,500	111,218	-20,195	↓	-1.1%
Sandfield Close Primary	1,398,288	-15,250	193,311	↑	13.8%
Scraptoft Valley Primary	1,828,647	287,190	360,211	↑	19.7%
Shaftesbury Junior	936,630	154,218	65,816	↓	7.0%
Shenton Primary	2,112,990	373,676	428,735	↑	20.3%
Slater Primary	721,134	-98,561	-244,596	↓	-33.9%
Spinney Hill Primary	2,537,901	422,771	469,586	↑	18.5%
St Barnabas C E Primary	1,342,060	-186,775	107,521	↑	8.0%
St John the Baptist C E Primary School	1,642,223	-203,511	-51,654	↑	-3.1%
St.Marys Fields Infants	1,810,241	-58,061	8,380	↑	0.5%
Stokes Wood Primary	1,838,351	524,353	482,528	↓	26.2%
Taylor Primary	3,353,700	409,136	327,801	↓	9.8%
Uplands Infants (academy 1/04/19)	1,626,915	182,288	202,676	↑	12.5%
Whitehall Primary	1,986,710	52,598	183,243	↑	9.2%
Wolsey House Primary	2,153,394	22,639	51,782	↑	2.4%
Wyvern Primary	1,666,054	54,465	203,969	↑	12.2%
Total Primary School Allocation	98,642,491	7,394,738	8,589,624		
Oaklands	2,397,596	7,993	135,853	↑	5.7%
Ellesmere College	5,043,290	717,269	497,034	↓	9.9%
Keyham Lodge	3,531,500	571,964	359,670	↓	10.2%
Netherhall	2,269,598	428,820	352,584	↓	15.5%
The Children's Hospital School	2,024,100	-43,784	-12,947	↑	-0.6%
Millgate	3,663,750	-126,346	18,882	↑	0.5%
West Gate School	4,063,190	-148,952	-514,589	↓	-12.7%
Total Special School Allocation	22,993,025	1,406,964	836,486		
Beaumont Leys School	5,991,161	975,990	813,450	↓	13.6%
City of Leicester School	6,660,629	-156,601	-126,311	↑	-1.9%
Crown Hills Community College	7,459,224	1,108,339	1,456,267	↑	19.5%
Madani High School - Girls	1,584,338	162,556	34,220	↓	2.2%
Madani High School - Boys	1,582,544	59,542	36,286	↓	2.3%
Moat Community College	6,459,768	553,185	741,640	↑	11.5%
Fullhurst Community College	6,040,098	95,154	366,667	↑	6.1%
New College Leicester	5,780,624	1,061,813	1,224,853	↑	21.2%
Soar Valley Community College	7,855,460	895,965	1,302,745	↑	16.6%
Total Secondary School Allocation	49,413,845	4,755,943	5,849,817		
Total School Allocation	171,049,361	13,557,645	15,275,927		

School Balances Control Mechanism Exemptions

1. **Unspent Funds from the LA and other bodies received during the financial year.**
This includes income such as One to One Tuition, etc. which was not included on the reserve forms as a receipt in advance. Please do not include unspent income received for Whatever it Takes initiatives; this should be included in Category 5 – Uncommitted Balances.
This category may also be used for other external income which the school has received but not yet spent. Please list the names of the funders.
2. **Revenue funding of capital projects and BSF.** Schools are not normally expected to use revenue funding for capital projects but it is permitted under guidance from the DfE. Secondary and Special schools should show BSF reserves as a separate line within this category. Amounts already transferred to the City Council's reserve should not be included in this category.
3. **Exemptions under exceptional circumstances related to planning for uncertainty.**
This should be used where the school feels it is prudent to maintain a reserve over the 10% threshold in the short term to support short-term costs whilst a sustainable budget plan is implemented or where there has been a short-term change in circumstances. This is designed to assist in developing long-term solutions for events such as falling pupil numbers or changes in staffing.
4. **Exemptions under exceptional circumstances related to committed or planned spending.** A school may have substantial spending commitments that justify maintaining a reserve over the 10% threshold. For example, this may include a substantial long-term maintenance programme.

School Carry Forwards 2018-19 - List of Exemptions							
		Category 1	Category 2	Category 2A	Category 3	Category 4	Category 5
Reporting on Planned use of Surplus Balances	Total Surplus Balance	Unspent Funds from LA	Revenue Funding of Capital Projects	BSF Contingency	Exemptions relating to Planning for Uncertainty	Exemptions relating to Committed or Planned Spending	Uncommitted Balances
School							
Abbey Primary Community	-38,832						-38,832
Avenue Primary	-61,762						-61,762
Alderman Richard Hallam Primary	-54,264						-54,264
Barley Croft Primary	166,720						166,720
Belgrave CE Primary	126,559					30,000	96,559
Beaumont Lodge Primary	87,154					5,442	81,712
Braunstone Frith Primary	71,418						71,418
Bridge Junior	151,855						151,855*
Buswells Lodge Primary	396,445						396,445*
Caldecote Primary	378,092					148,212	229,880
Catherine Infant	31,730						31,730*
Catherine Junior	220,336			32,437			187,899
Charnwood Primary	181,860		70,000	111,860			
Coleman Primary	408,292			132,067			276,225
Dovelands Primary	246,289			194,953	51,336		
Evington Valley Primary	128,462	6,985	8,758				112,719
Eyres Monsell Primary	120,749						120,749*
Folville Junior	26,883						26,883*
Fosse Primary	3,926						3,926*
Granby Primary	165,029					165,029	
Green Lane Infant	111,167						111,167*
Glebelands Primary	119,076		16,160			23,974	78,942
Kestrels Field Primary	260,138	3,858			30,000	182,203	44,077
Hazel Primary	368,485		25,000		104,000	50,000	189,485
Herrick Primary	72,367						72,367
Sparkenhoe Community Primary	437,860						437,860*
Highfields Primary	106,489						106,489*
Imperial Avenue Infant	240,070					100,000	140,070
Inglehurst Infant	64,351						64,351*
Inglehurst Junior	91,109						91,109*
King Richard III Infant	57,132						57,132*
Linden Primary	93,143						93,143*
Marriott Primary	334,715	11,225			163,490	160,000	
Mayflower Primary	107,915					10,000	97,915
Medway Community Primary	26,858						26,858
Mellor Primary	76,518		26,177			40,000	10,341

Merrydale Infant	88,653						88,653
Montrose	26,156						26,156
Parks Primary	204,533				29,821	14,143	160,569
Rushey Mead Primary	176,830	6,701			93,681	14,977	61,471
Rolleston Primary	-20,195						-20,195
Sandfield Close Primary	193,311						193,311*
Scraptoft Valley Primary	360,211					105,000	255,211
Shaftesbury Junior	65,816						65,816*
Shenton Primary	428,735				236,391	87,000	105,344
Slater Primary	-244,596						-244,596
Spinney Hill Primary	469,586	72,616			81,081	136,967	178,922
St Barnabas Primary	107,521						107,521*
St John The Baptist Primary	-51,654						-51,654
St Marys Fields Primary	8,380						8,380*
Stokes Wood Primary	482,528					346,546	135,982
Taylor Road Primary	327,801						327,801
Uplands Infant	202,676						202,676*
Whitehall Primary	183,243						183,243
Wolsey House Primary	51,782						51,782
Wyvern Primary	203,969				203,969		
TOTAL PRIMARY	8,589,624	101,385	146,095	471,317	993,769	1,454,464	5,422,590
Oaklands	135,853						135,853*
Ellesmere College	497,034						497,034*
Keyham Lodge	359,670						359,670*
Netherhall School	352,584				342,584		10,000
Childrens Hospital School	-12,947						-12,947
Millgate	18,882						18,882*
West Gate	-514,589						-514,589
TOTAL SPECIAL	836,486	0	0	0	342,584	0	493,903
Beaumont Leys	813,450	201,263				12,136	600,051
City of Leicester	-126,311						-126,311
Crown Hills CC	1,456,267	49,334	84,000		720,000	217,170	385,763
Madani Girls' School	34,220						34,220*
Madani Boys' School	36,286						36,286*
Moat CC	741,640	152,447	92,087				497,106
Fullhurst CC	366,667						366,667
New College	1,224,853				400,000	500,000	324,853
Soar Valley CC	1,302,745	17,648	75,000	150,000	1,060,097		
TOTAL SECONDARY	5,849,817	420,692	251,087	150,000	2,180,097	729,306	2,118,635
TOTAL ALL SCHOOLS	15,275,927	522,077	397,182	621,317	3,516,450	2,183,770	8,035,128

* Assumed uncommitted balances in the absence of a return at the time of writing the report

Schools in **bold** currently holding uncommitted balances over 10% of budget